

Overview of the palm oil sector and FPIC in Palawan, Philippines

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Arthur Neame and Portia Villarante

Oil palm development and the national context

Since the publication in 2011 of *Oil palm expansion in South East Asia: trends and implications for local communities and indigenous peoples* by Forest Peoples Programme and Sawit Watch, little significant change has occurred with regards to official policies on palm oil production in the Philippines. However, the industry, represented by the Philippines Palm Oil Development Council (PPDCI), the main palm oil industry body, appears to have ratcheted up its advocacy in favour of further support for its expansion with a critique of government inaction. On 12th July 2012 the PPDCI released a paper stating:

The country's palm oil imports from Malaysia alone have been soaring since the time President Aquino took office. For instance, in 2009, the Philippines imported only 119,229 metric tons of palm oil from Malaysia. This increased to 204,731 tons in 2010, and soared to 543,000 metric tons in 2011 worth PHP 28.03 billion. If the trend holds, the palm oil imports of the Philippines from Malaysia could reach 597,000 metric tons in 2012.¹

Reflecting a re-emerging aggressiveness within the industry, the report of the paper's release went on to state:

The leaders of the PPDCI believe that the Department of Agriculture officials are anti-Oil Palm Farming (OPF). They say that the [Department of Agriculture] DA officials have put the OPF expansion in the Philippines of 60,000 hectares to a standstill.

The local oil palm industry leaders suspect that the DA leadership has been convinced by the

distorted information from NGOs who are well-funded by the 'Western conspirators' to preach and magnify the so-called negative aspects of oil palm farming.

The report further states:

They [The leaders of the PPDCI] further suspect that the main purpose of the 'Western conspirators' is to spread erroneous information to prevent further growth of the production of cheap, highly healthy and nutritious palm oil so they could maintain a good portion of the global oil markets for soybean, sunflower and canola oils and at a higher price which many Filipinos cannot afford.²

The ultimate agenda of the industry was clarified towards the end of the press report:

The PPDCI suggests that President Aquino organise an interagency task force headed by the DA with the participation of the DAR, DENR, DOST, LGUs, DILG, DTI, PPDCI³ and the banking sector. They could prepare a palm oil development roadmap and promote the massive planting of oil palm to reach 300,000 hectares by 2016.

The PPDCI says that there are over one million hectares of grass and brush-lands in the Southern Philippines, Mindanao in particular, suitable for oil palm farming. If these areas are planted with oil palm, the Philippines could become a major palm oil exporting country just like Thailand, Malaysia and Indonesia.⁴

However, the government has not, perhaps, been as inactive as the Council suggests, with the registration of one Agumil-owned plantation and mill in Palawan and another oil palm expansion in the

Year	Production (in Metric Tonnes)	% change from previous year's production
1990	45,100	7.14%
1991	51,900	15.56%
1992	54,000	3.85%
1993	54,700	1.85%
1994	54,400	-1.82%
1995	53,000	-1.85%
1996	52,000	-1.89%
1997	50,000	-3.85%
1998	48,000	-4.00%
1999	48,000	0.00%
2000	54,000	12.50%
2001	55,000	1.85%
2002	56,300	1.82%
2003	59,000	5.36%
2004	60,000	1.69%
2005	61,000	1.67%
2006	68,000	11.48%
2007	75,000	10.29%
2008	82,000	9.33%
2009	90,000	9.76%
2010	92,000	2.22%

■ *National production of crude palm oil (CPO) showing trends over past years (in metric tonnes). (Sources: FAO Stat (nd); Index Mundi (nd))*

■ *Actual and projected volumes of imported crude palm oil (CPO) and palm kernel oil (PKO). (Source: Pamplona (nd))*

Year	Volume of importation (metric tonne)		TOTAL
	CPO*	PKO**	
2006	118,291	8,106	126,397
2007	123,499	8,282	131,781
2008	129,155	8,463	137,618
2009	135,071	8,647	143,718
2010	141,257	8,836	150,093
2011	146,907	9,029	155,936
2012	152,783	9,226	162,009
2013	158,894	9,427	168,321
2014	165,250	9,633	174,883
2015	171,860	9,843	181,703
2016	178,734	10,058	188,792
2017	185,883	10,278	196,161
2018	193,318	10,502	203,820
2019	201,051	10,731	211,782
2020	209,093	10,965	220,058

* Crude Palm Oil estimated to grow on average 4% annually

** Palm Kernel Oil estimated to grow 2.18% annually

Autonomous Region of Muslim Mindanao with the National and Regional Boards of investment respectively. The Board of Investment (BOI) has also registered a controversial PHP 174.4 million (USD \$4,182,251) palm oil investment in Opol, Misamis Oriental in Northern Cagayan de Oro, run by Nakeen Corporation.⁵ Zanorte Palm Rubber Plantation's proposed project in the towns of Sirawai and Sibuco in Zamboanga del Norte, with a budget of PHP 737 million (USD \$17,673,849) was also recently granted tax incentives by the BOI.⁶

The table above left shows that the production of crude palm oil (CPO) is rising. Where rises in a given year are in the order of 10% it is a likely indication of new plantations coming to harvesting maturity. Concomitant with the upward trend in production, the Philippines is also facing growing domestic demand for palm oil as shown by the table below left which illustrates actual and projected volumes of importation.

Whilst these figures come from the palm oil industry itself, and could therefore be expected to contain projections that reinforce their argument for more palm oil production, it was also recently reported during the Malaysia-Philippines Palm Oil Trade Fair and Seminar held in Makati on 16th April 2012 that imports from Malaysia 'rose 150 percent in 2011 to over 512,000 tonnes from 204,731 tonnes in 2010',⁷ far exceeding the industry's own projections.

Gross areas under oil palm

Harvested areas of palm oil in the Philippines were of 25,237 ha in 2003, 29,000 ha in 2007 and 46,398 ha in 2008.⁸ By 2011, plantations had increased to 54,748 ha.⁹ The PPDCI, in a draft Philippine Road Map for Oil Palm is calling for a further expansion in 2012 to 62,500 ha and an eventual expansion to 500,500 ha by 2022. Whilst the main market for palm oil is, at present, for edible oil, there is also some processing for cosmetics and industrial use.

Due to the fact that the demand for edible oils outweighs production so hugely at this time, the production of biodiesel from palm oil is negligible, although PPDCI is also calling for the Philippines to begin such production.

Patterns of production

The predominant mode of production in the Philippines remains large-scale plantations rather than small-scale production and milling facilities. The industry claims that this is necessary because of the economies of scale achieved by large scale plantations, despite the fact that palm oil is profitably produced in some parts of West Africa at the household or village-level.

It would appear that the plantation mode of production is favoured by local investors and financiers, including the primary investors and lenders such as Landbank. This may in part be due to the difficulty Landbank has in finding adequately managed and sufficiently well-established cooperatives to lend to for smaller scale production. It may also be due to the fact that the predominant outside investors hail from Malaysia and Indonesia, where large-scale mono-crop plantations are the primary mode of palm oil production. In Malaysia, the history of palm oil production stems from the conversion of large Federal Land Development Authority (FELDA)¹⁰ estates from rubber to palm oil in the 1980s. In other words, the predominance of the large-scale mono-crop approach to palm oil production may be the outcome of historical precedents in foreign investment patterns as well as one that is seen by investors as best suited to extract the maximum surplus from production, rather than a model chosen to maximise the returns and benefits accrued to rural populations.

Main export and import markets

Much of the crude palm oil and palm kernel oil produced in the Philippines is

shipped to either Cebu or Manila for further processing and refining. Palm oil prices in the Philippines are approximately the same as prices on the world market, while there is a 3% tariff on imported palm oil. It is therefore likely that the majority of the oil produced is consumed within the Philippines, although it is reported that some of the oil products are used as ingredients in cosmetics, soaps and industrial oils that end up being exported.

It is interesting to note that the BOI have insisted that 70% of the palm oil to be produced in Palawan be exported. It is unclear why this is the case, since local production effectively substitutes imports at this time. Since Agumil lacks the capacity to refine palm oil, it is most likely the plan of the company to export the crude palm oil. According to a national newspaper report:

Lim Chan Lok, Agumil president, executed an undertaking...committing to export at least 70 percent of the plant's total production.

Among the prospective foreign buyers are Just Oil and Grains Pte. Ltd. based in Singapore; COFCO East Ocean Oils and Grains Industries (Zhangjiagang) Co. Ltd. in Jiangsu Province, China and; China Resources Oleochemicals Co. Ltd. in Binzhou, China. Agumil will also try to market the products to other buyers in Malaysia.¹¹

Worth noting is the fact that exports of CPO from the Philippines to Malaysia stand every chance of being re-imported by the Philippines as refined product, since the bulk of palm oil imports in the Philippines come from Malaysia and Indonesia, with an all-time high of 512,000 tonnes in 2011.

Key companies and investors

The key companies engaged in palm oil production in the Philippines are Kenram, Agumil, Filipinas Palm Oil, Inc, A. Brown and Zanorte. Potential investors in plantations include First Pacific, the owners of Indo-Agri, one of the largest palm oil estate owners in Indonesia. Recent

reports indicate that the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR) have been employing the trade and investments mechanisms of the Brunei, Indonesia, Malaysia and Philippines - East ASEAN Growth Area (BIMP-EAGA) to invite further investments. The Malaysian Ambassador is reported to have responded favourably to these invitations, and pointed in particular to the provinces of South Cotabato and Sultan Kudarat as potential areas for an initial 15,000 ha expansion of oil palm plantations.¹² The Provincial Government of Agusan del Sur also reported that it is developing a partnership with Shine Art Valley Co. Ltd. (SAVC) of South Korea for a 5,000 ha banana and oil palm plantation.¹³

From the information publicly available it seems that the majority of palm oil investments in the Philippines continue to focus on the production of crude palm oil and kernel oil rather than on downstream processing and refining, reflecting the existing mismatch between local production and demand. Whilst it would appear that the majority of oil palm plantation developments are carried out through joint ventures with foreign corporations (largely Malaysian or Indonesian to date) a considerable proportion of the new financing required for these developments appears to derive from Landbank of the Philippines. Landbank is a government owned and controlled corporation founded in 1963. First amongst its operating principles is to be a 'catalyst of countryside development and poverty alleviation'.¹⁴ It also has as one of its principles 'commitment towards environmental protection'.¹⁵ To the latter end, Landbank also has a corporate environmental policy which includes 'the conduct of appropriate environmental risk assessment and management' and a commitment to 'inform and influence its clients, suppliers and business partners to align with the bank's environmental management programs in their business operations'.¹⁶ In this regard, Landbank has an environmental due diligence policy under which:

...all projects directly financed by the Bank and collaterals offered as security, which are part of the project or used as project site, including projects of Cooperatives covered by the Philippine Environmental Impact Statement (EIS) System, are subjected to environmental assessment and monitoring until fully paid. Credit risks arising from the adverse impacts of the LBP¹⁷-financed project to the environment are identified, mitigated and monitored.¹⁸

Landbank's vision declares that it is 'in the service of the Filipino people' and that it is 'committed to improving the lives of all its stakeholders and working with them to lead the country to economic prosperity'.¹⁹ Despite these commitments and principles, the bank's environmental assessment and monitoring process is inadequate, tending to rely on the Environmental Impact Assessments (EIA) and Environmental Clearance Certificates (ECC) of the DENR. DENR's processes are known for being subject to political influence, particularly at the provincial level. It has been reported that, on occasion, EIAs are simply pre-written by proponents and then put before an independent verifier for signature in return for a fee.²⁰

In terms of social impact assessment and monitoring, Landbank, along with all other financial institutions in the Philippines, has no mechanisms installed, aside from a basic rating system on the financial and institutional sustainability of its borrower cooperatives. This means that, despite its mandate to spur 'countryside development' 'in service of the Filipino people', the bank has no mechanism to assess or monitor its social or economic impacts on populations affected by, but not borrowing from, its loan facilities.

Plantation-type agriculture tends to cover not only large swathes of land, but also directly or indirectly affect significant populations, some of whom may be among the most socially and economically marginalised in the country, including indigenous peoples. In this context, it would appear vital for the bank to be able to assess accurately its

performance as a catalyst of development for these peoples as much as for its borrowers. Like all other Filipino financial institutions, Landbank is not a signatory to the Equator Principles, despite being a borrower from the World Bank.

Palawan Case Study

Area in question

This case study was carried out in the municipality of Sofronio Española in Southern Palawan, around 130 km south of the provincial capital of Puerto Princesa. The study also encompassed the neighbouring municipality of Brookes Point, where the nursery and milling facilities of Agumil and its sister company Palawan Palm and Vegetable Oil Mills Inc. (PPOVMI) are located. Palawan Province is situated in the south-west part of the Philippine Islands chain. It is bordered on the north and west by the South China Sea and on the east by the Sulu Sea. Its southernmost tip faces the island of Borneo. The largest island of the archipelago, Palawan, is 450 km long and 50 km wide.

History, ecology and peoples

There are several possible origins of the name Palawan. One is the Chinese word *pa-lao-yu* meaning ‘land of beautiful harbours’; one is from the name of a plant the natives of Palawan called *palwar*; and another is from the Spanish word *paragua*, meaning umbrella, because the shape of the main island resembles a closed umbrella. Local communities are a mix of settlers primarily from the Western Visayas and Luzon and a small number from Sulu/Tawi-tawi. There are also communities of indigenous Palaw’an, whose concentration rises towards the inland and timberlands.

From the 15th century onwards, Southern Palawan came under the influence of the Sultanate of Brunei, until the area was ceded to the Sultan of Sulu in the 17th century.



■ Map from the Municipal Planning and Development Office, Sofronio Española

In the mid 18th century, the territory was ceded to the Spanish but local Muslim resistance to Spanish rule is reported to have continued until at least the mid 19th century and Spanish control over southern Palawan was always tenuous at best. The effective unified political administration of Palawan island was not really achieved until the arrival of the Americans and the creation of the province of Paragua in 1903, renamed Palawan in 1905.

The name of the municipality of Brookes point, previously known as Bon-bon, is derived from the military mission undertaken there in the mid-19th century by the so-called ‘White Rajah of Sarawak’, James Brooke, most likely in pursuit of trading opportunities and as a measure to combat local piracy against vessels moving to and from Sarawak. Brooke built a lighthouse, a clean water supply (both still standing) and a port in the area as a means of establishing it as a centre for trade. Sofronio Española,



■ Nursery of Agumil Plantations, Inc. at Brookes Point, Palawan. Taken on July 12, 2012 / Portia Villarante

meanwhile, was created from the northern part of Brookes Point in 1994.

Brookes point remains a commercial centre for southern Palawan. It is a first class municipality with a population of 58,537 in 2007 and comprises 18 barangay.²¹ The town is also a centre of agricultural production, including the recently established palm oil mill and nursery, as well as the site of proposed nickel mines. The port of Brookes point is a major docking point for commercial goods destined for Southern Palawan and for nickel mineral ores exported by Rio Tuba.

A portion of the municipality also reaches into the Mt. Mantalingahan Protected Landscape (MMPL). The MMPL is rich in plant biodiversity, with at least 351 plant species, distributed across 214 genera and 92 families. Of these, 16 species are identified as economically important, half of which are considered threatened and endangered. Eight previously unclassified plant species were recently recorded and at least five new ones discovered.²² Important forest tree species

in the MMPL are: apitong (*Dipterocarpus grandiflora*), malugai (*Pometia pinnata*), amugis (*Koordersiodendron pinnatum*), nato (*Palaquium luzoniense*), lomarao (*Swintonia foxworthy*) and Agoho del Monte (*Casuariana equisetifolia*).²³ 95 species of vertebrates are known to inhabit the MMPL. IUCN lists 16 of these as restricted-range species, 19 as vulnerable, two as endangered and two as critically endangered.²⁴

Wildlife is relatively evenly distributed within the protected area. The indigenous peoples living within it have often made use of some of the important bird and animal species to barter prime commodities from traders. Pet birds such as the talking mynah, blue-naped parrot and the Philippine cockatoo are heavily traded because of the price these animals command in markets outside Palawan. Mammals such as squirrels, bearcats, monkeys and mouse-deer are also traded.²⁵ Finally, the MMPL is a major source of water for domestic use, agriculture and fisheries in the surrounding five municipalities. Although there are plans to develop eco-tourism in the area, at present this activity remains minimal.

Sofronio Española is a 4th class municipality comprised of nine barangay. According to the 2000 census, it had a population of

26,801 in 5,479 households. In the 2008 Community-Based Monitoring System (CBMS) survey, Española was bottom in terms of the Human Development Index for Palawan. It is also one of the 100 poorest municipalities in the country. A 2007 Social Watch report cites a poverty rate of 58% for Española.²⁶ Access to education is very limited with 35.2% of elementary age children not attending school and 48.6% not attending high school. Sofronio Española tops malnutrition in the province with a prevalence rate of 22.98%, according to the provincial nutrition action officer.²⁷ In addition to the presence of the Citinickel mine, the town is a rapidly expanding frontier for oil palm plantations. Farmers have recently complained of laterite spills on their land due to mining activities.²⁸ Rice producers are generally from the families of migrants to the area, among whom the Ilonggos are predominant. Ricefields are semi-upland and not irrigated.

Company investigated

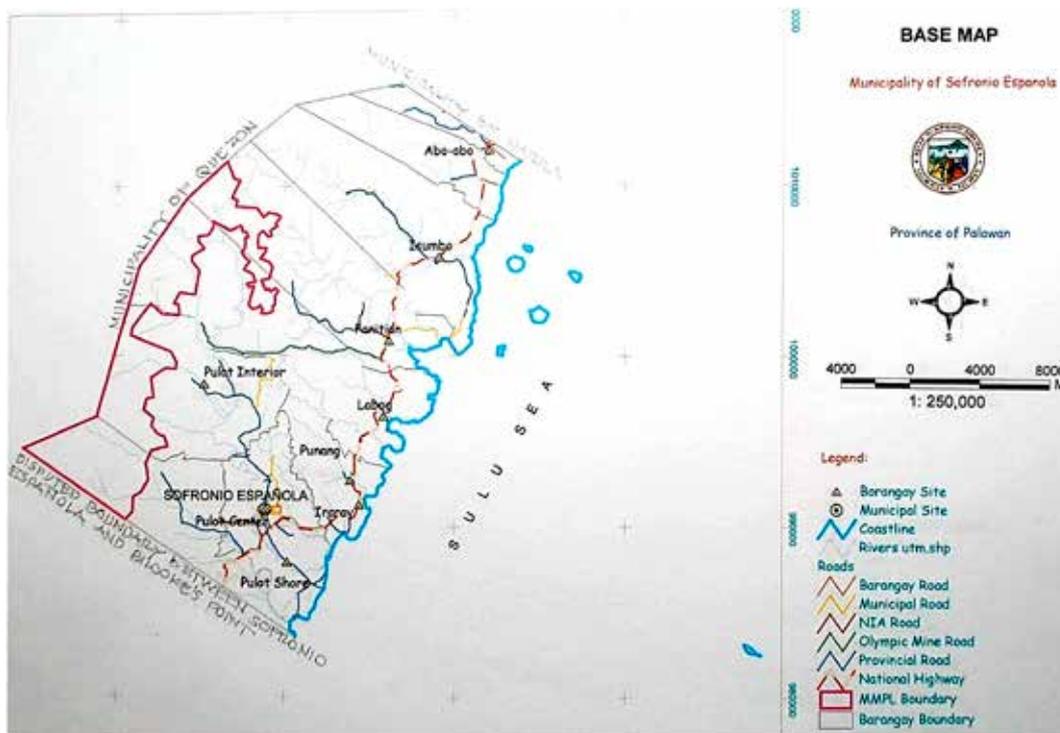
Agusan Plantations Inc. was established in 1993, as a Malaysian-Singaporean-Filipino partnership. Its first plantation of 1,800 ha was developed in Trento, Agusan

del Sur. Its first oil extraction mill started production in 1998 through its wholly owned subsidiary Agumil. The president of the company is Lim Chanlok Lim and its vice president is CK Chang. Incidentally, Mr Lim is a non-executive director and shareholder in REA Holdings PLC, a UK-based company with extensive interests in oil palm plantations and coal-mining in East Kalimantan, Indonesia (see case study on PT REA Kaltim Plantations, this volume). The plantation in Palawan commenced with the establishment of a nursery in 2006, followed by planting in the outlying Anchor and Cooperative areas in 2007. The area planted by or contracted to Agumil and its sister company PPVOMI currently extends to almost 4,000 ha. Agumil Philippines Inc. is 75% Filipino and 25% Malaysian-owned. PPVOMI is 60% Singaporean and 40% Filipino-owned.²⁹

Value chain and operations

Fertiliser is supplied by local suppliers, described as ‘the usual cartel’ by the

■ Map of roads and highways running through the municipality of Sofronio Española



management of Agumil. Seedlings are sourced in the form of germinated seed-stock from Papua New Guinea and Thailand and are raised in the nursery at Brookes Point. Haulage services are provided by local companies, some of whom are self-employed. Other haulage services are provided by commercial hauliers, such as CAVDEAL. CAVDEAL is also the company behind the new Evergreen Growers Cooperative in Iraray II, believed to cover 81 ha of purchased land. It is also a well known construction company in the Philippines, having been contracted to undertake major projects worth PHP 7.7 billion (USD \$187,881,350) from 1st July 2005 to 30th June 2008 in the Philippines. CAVDEAL is also known as a company previously blacklisted and debarred from bidding for World Bank-funded projects for a period of four years for its alleged part in rigging bidding processes for public works contracts.

Processing plants in Manila and Cebu are believed to be the main purchasers of the CPO and PKO produced by Agumil and PPVOMI. The plant manager was not willing to discuss details of purchasers, although under the BOI incentives it is reported that the Agumil mill in Palawan will export at least 70% of its produce to Singapore, China and Malaysia.³⁰

Overview of land acquisition process

The first area to be planted by Agumil was around the current mill and the nursery, known as the Anchor area, an area directly leased and managed by the company. The Anchor area extends from Brookes Point into Sofronio Española. The total Anchor area is reportedly 1,500 ha. Within Sofronio Española the Anchor area extends to 717 ha at present and is matched by 246 ha belonging to the Malalong cooperative. In this area people are engaged in a mix of direct lease to the Anchor area (that is to say, a portion of land from which the owners receive no share of production) and out-growing as a cooperative (from

which a share of production is received). This means that each owner within the Anchor-Malalong area receives as payment a portion in the form of land rent and a portion is reserved for net crop share after all costs of production and loans have been subtracted. Initially the idea was that Anchor and Malalong land would be split 50:50, whereas in practice it is closer to 70:30, thus reducing the prospects of future crop share for the Malalong cooperative members. One community member affected by the plantation noted:

Their [the company's] use of a 'sweet tongue' caught the attention of the land owners and convinced them to engage in the contract. The (promise of) big shares and benefits muffled what could have been said about the small amount in rent. (Jessie G. Galang, Barangay Pulot Interior Kagawad)

The largest proportion of land devoted to oil palm at this time is in the form of smallholders in schemes run by the company. However these are not independent smallholders, as they have been formed into cooperatives where land is jointly managed, as far as possible in contiguous blocks, by the company. A contract is signed between individuals and the co-op, which includes a marketing and management agreement with the co-op. In turn, the co-op has a marketing and management agreement with the company. This effectively means two contracts are signed simultaneously at the level of the smallholder and the co-operative. The first is an agreement to plant oil palm and to retain the land for 30 years. The second is an agreement to allow full management of the land by the company for a 10% management charge.

Increasingly, companies and groups of wealthy individuals are entering the area and buying up land for oil palm. In a number of instances, they are doing this in the names of local individuals and groups, and also forming so-called farmers' cooperatives in order to avail of the collateral-free financing offered by Landbank of the Philippines.

CAVDEAL is one such group, and they have reportedly recently purchased 81 ha of land in Barangay Irray II in Sofronio Española to this end. It was reported that they have formed a cooperative named Evergreen as the means to accomplish this. With regard to land acquisition, whilst the researchers found that the company did conduct consultations with communities, it would appear that no distinction was made between incoming settlers and indigenous peoples, and indeed there was no specific engagement with indigenous peoples or discussion of possible concerns that they may have had with the development of oil palm plantations on, or affecting, their customary lands. The company, and indeed, government agencies, rationalise this approach by saying that they were only seeking to plant oil palm on land over which there were privately held titles of ownership, and that they had specifically excluded planting in timberlands or areas without private title.

It was clear from interviews and discussions that timberlands and ancestral domains are largely conflated in the minds of both the company and the vast majority of local officials. Again, this reflects a historical reality whereby indigenous peoples have tended to continually withdraw into the uplands and into forested areas as encroachment by settlers took place over the past decades. However, it also confirms that no serious attempt seems to have been made to undertake any participatory analysis and mapping of these indigenous peoples' land rights and uses.

It proved impossible for the researchers to obtain community maps of areas under plantation during interviews and focus group discussions. Although the researchers were informed that the company held such maps, it was clear that the community did not. This begs the question as to whether any effective form of participatory community-based land use mapping was ever conducted. The researchers were informed time and again by Local Government Unit (LGU) officials, the Palawan Council for



■ *Palawan indigenous peoples interviewed in Barangay Irray. They are composed of indigenous peoples' organisation members, land owners, farmers and plantation workers / Portia Villarante*

■ *Public notice of permit for the oil palm plantation in Barangay Pulot Interior, Sofronio Española / Portia Villarante*



Sustainable Development (PCSD), the company and Landbank loan officers, that planting was only taking place on 'idle lands'. In the absence of participatory land use mapping, this may well turn out to have been a convenient assumption on their part, or may have been the result of ignorance of the ways in which indigenous peoples use, own and manage these lands, in accordance with customary laws and practices. This is important because, as will be demonstrated below, some of the major concerns expressed by indigenous peoples and local communities regard changes in land use.

National legal framework of land acquisition

Land titling in the Philippines makes use of Torrens titles, a system of land title where a register of land holdings maintained by the State guarantees an indefeasible title to those included in the register. However, a large range of tenurial instruments exist side-by-side, and often in conflict with one another. Titling of publicly owned land is also possible through a number of routes, basically divided into judicial and administrative routes. Aside from direct titling of land, there also exist various leasehold and stewardship agreements.

Palawan is popularly known as ‘the last frontier’ of the Philippines, reflecting not only the rich biodiversity and the prevalence of remaining primary forest on the island, but also the widespread availability of land within the public domain which is supposedly ‘alienable and disposable’. Palawan has been a site of relatively large-scale in-migration, starting particularly in the 1950s when the government of the Philippines undertook a programme to resettle landless rebels who had participated in the ‘Huk’ rebellion following the end of the Second World War. In fact, the municipality of NARRA in Palawan, to the north of Sofronio Española, derives its name from the National Resettlement and Rehabilitation Administration (NARRA) which was formed in 1954 and charged with resettling dissidents and landless farmers. The scheme was particularly aimed at rebel returnees, providing home lots and farmlands in Palawan and Mindanao of up to 24 ha each.

Land tenure of indigenous peoples and local communities

The influx of settlers in Palawan gathered pace in the 1950s, as the government saw the region as a ‘frontier land’ where agrarian settlement should be encouraged. In succeeding decades, settlers continued to arrive in even greater numbers as a result of word-of-mouth recommendations from relatives who had already migrated to the

area, and fuelled by growing land scarcity in the Western Visayas. As settlers arrived, they frequently engaged in informal land sales with the Palaw’an residents. These sales were informal in the sense that they were frequently undocumented and not registered, since the Palaw’an did not possess legal title to the land, which was considered public land.

The result of these informal land sales was that a large number of Palaw’an moved further from the fertile coastal plains and into the hinterlands, whilst others continued a coastal existence, primarily reliant on fishing. Following their informal purchase of lands, a number of settlers then paid real estate tax on the land (known as tax declarations) as a means of staking a legal claim to the land and eventually securing full titles. Others simply continued their occupation of the land.

In June 1988, the Comprehensive Agrarian Reform Law (CARL) came into effect and under the Comprehensive Agrarian Reform Programme (CARP) farmers were permitted to acquire land that they tilled. In many instances, and to speed up the implementation of the Agrarian Reform Programme whilst avoiding conflicts with powerful political-economic interest groups, the first lands to be distributed were public lands classified as alienable and disposable. This meant that much of the land in provinces such as Palawan was subject to rapid land redistribution.

The land was distributed largely to those migrant settlers, or their children, who had arrived in Palawan in the 1960s and 1970s following word-of-mouth news from relatives that there was vacant land to be had in the province. Others who managed to avail themselves of Certificates of Landownership Agreements (CLOAs) were relatives living elsewhere, some local government officials and local community leaders. The result was that the figures for the Agrarian Reform Programme’s accomplishments looked good but that the beneficiaries were often not those qualified

to be such, and widespread incursion into unregistered ancestral domains of indigenous peoples took place.

Such was the case with lands both occupied and unoccupied by settlers in Palawan, especially given the fact that the Palaw'an in Sofronio Española and Brookes Point had not filed claims to land by filing for Certificates of Ancestral Domain Claims (CADCs) in the areas they continued to occupy. In the absence of such claims, it became much easier for the Department of Agrarian Reform (DAR) to assume that land remained available from the public domain for distribution.

The researchers also found evidence that some of the land in the CLOAs should not have been included, since it was steeply sloping land (land of more than 18% slope is excluded from CARP coverage). In this case, the land was used by indigenous peoples in Iraray II as community forest, and particularly as a source of medicinal and ritually used plants. It appears therefore that an erroneously issued CLOA covers this land and that it has now been purchased for the planting of oil palm.

The result of this situation was that by 1996, CLOAs were distributed in Sofronio Española covering large swathes of land, and such was the apparent scale of the supposed public domain that it was common for these to cover five ha per CLOA, whereas in other parts of the country the DAR was unable to reach the target of three ha per household. Among the CLOA recipients were also a number of community leaders and elders from among the Palaw'an.

In addition, rather than generating individual CLOAs per household, DAR was also in the habit of distributing so-called 'Mother CLOAs' encompassing a community of Agrarian Reform Beneficiaries (ARB), with the idea that individual subdivision of the CLOAs could be undertaken at a later date. It is largely these CLOA-titled lands, whether covered by individual or mother-CLOAs, that have been targeted by Agumil/

PPVOMI for oil palm development. Indeed, Agumil/PPVOMI maintain that they are not interested in lands which do not possess private titles and which do not provide the small-grower with clear security of tenure. Both prior to and after the distribution of CLOAs by DAR in the mid-1990s, many indigenous peoples continued to make use of the lands that were distributed by DAR, even though they may have been informally sold to settlers or covered by a formal CLOA. Although these lands had usually been logged over and were considered 'idle' lands by the government and settlers alike, they still continue to provide a number of resources for the Palaw'an. This is discussed further in the following section on FPIC.

The announcement of plans to plant oil palm in the vicinity of Española and Brookes Point was followed by the involvement of wealthy individuals and groups from outside Palawan. These groups of investors are establishing so-called cooperatives and are also reported to be holding land in the names of local individuals and groups (known in the Philippines as 'dummies'). This is a worrying development from a number of perspectives. First, the ways in which companies are re-forming themselves into cooperatives undermine the local, territorially defined, and supposedly open, membership policy of cooperatives. Second, these 'corporate co-ops' may be availing of financing from Landbank that is supposedly destined to enhance the financial and operating capacities of small farmers. Third, the land purchases are encouraging a reversal of agrarian reform and the concentration of land into large-scale plantations thus excluding the rural poor from full and meaningful participation in agricultural development on their own land, except as plantation labourers.

This leads to concerns that oil palm in Palawan, rather than benefiting ARBs and bringing about a general rise in rural prosperity, which it has the potential to do (albeit subject to a range of appropriate regulations) may in fact be leading to a

concentration of land ownership in southern Palawan in the hands of local elite and, in the long term may lead to the marginalisation of both labour force and landowners in favour of those with greater access to capital. If this is the case, it could be argued that oil palm will end up being socially regressive on the island, despite the fact that this could be avoided through appropriate monitoring of land use and ownership, strict implementation of Landbank's mandate for financing rural producers and avoiding infiltration by groups using local dummies to front for them.³¹

Protections for farmers and indigenous peoples in the face of palm oil expansion

The majority of the small farmers in the areas planted with oil palm are holders of CLOAs, covering land distributed to farmers under CARP. CLOAs are issued to farmers after they have been verified as ARBs and after the DAR has identified land for them. The CARP is supposed to be a programme offering 'land to the tiller' under a scheme payable by amortisation to Landbank over a period of 10 years. During that period of 10 years, the land is not legally permitted to be sold. Following payment of the amortisation, the CLOA can be converted into a Transfer Certificate of Title (TCT) which makes the land fully alienable and disposable. In order to overcome these restrictions, and in the face of the need for capital or for expenses for emergencies, it is not uncommon for farmers to 'surrender' their CLOAs to financiers or others.

In some cases, the turnover of the CLOA may be an informal arrangement, while in others it may be accomplished through signing a Special Power of Attorney (SPA). The SPA, if indefinite, may allow the holder of that power to exercise all rights over the land. SPAs can also be used to avoid the usual transaction taxes when buying or selling land, or to avoid the protection afforded by leaseback or tenancy agreements. Other farmers are holders of regular TCTs. These are the purest land

titles, implying full ownership and control of land. However, they too may be subject to Special Powers of Attorney.

Republic Act 8371 or the Indigenous Peoples Rights Act (IPRA), promulgated in 1997, serves as the national law that protects the rights of indigenous peoples in the Philippines. Under its Implementing Rules and Regulations, indigenous peoples have the 'right to accept or reject a certain development intervention in their particular communities'. IPRA also contains a provision that clarifies the scope of the consent process, although property rights that pre-date the entry into force of IPRA are 'recognised and respected'. Representatives of Agumil Plantations Group stated that they do not encroach on any land that does not have proof of ownership.

Section 65D of Republic Act 7881³², an Act amending certain provisions of Republic Act 6657 or the Comprehensive Agrarian Reform Law of 1988, states:

The change of crops to commercial crops or high value crops (in CLOAs) shall not be considered as a conversion in the use or nature of the land. The change in crop should however, not prejudice the rights of tenants or leaseholders should there be any and the consent of a simple and absolute majority of the affected farm workers, if any, shall first be obtained.

Chapter 1 Section 2C of the Local Government Code of 1991 of the Philippines states:

It is likewise the policy of the State to require all national agencies and offices to conduct periodic consultations with appropriate local government units, non-governmental and people's organisations, and other concerned sectors of the community before any project or program is implemented in their respective jurisdictions.³³

Land grabbing and land conflicts

The General Manager of Agumil Plantations Group in Palawan stated that when there

are boundary conflicts, the company sends surveyors to discuss and identify the boundaries and make an assessment of the dispute, in order to 'try to be fair on both sides'. If the conflict cannot be settled, the surveyors go to the *barangay* to settle the matter, and the conflict usually ends there. This matches information obtained from the community in Pulot Interior, which stated that conflicts are not infrequent and that it is the area supervisor from Agumil who usually responds to these. The supervisor then seeks the help of the *barangay* in settling the issue.

However, not all conflicts are resolved in a 'fair' manner. A CLOA-holding indigenous leader in Barangay Iraray II raised concerns over the overlap of the oil palm plantation with his land. This conflict involved the plantation being developed by CAVDEAL. When the indigenous leader pointed out that the company had crossed the line formed by DAR's boundary markers, he was told that this was because the marker had been moved. When he protested against the apparent trespass into his land, he was told by CAVDEAL that he should have his land resurveyed at his own expense if he wished to pursue his complaint.

However, no reports of immediate or gross violations of human rights, such as direct intimidation or use of physical threats,

were reported by local communities. Issues tended to revolve around labour rights, the problem of lack of information available, and an ongoing lack of communication between the company and affected communities and growers. Formalised processes to respect the right to FPIC of these communities were not conducted, since under the laws of the Philippines FPIC is confined to indigenous peoples and the company maintains that it is not planting within indigenous territories. This assertion is disputed by some indigenous peoples within the concession who, while agreeing that the lands may have been covered by the Agrarian Reform or are lands covered by tenurial instruments such as Community-Based Forestry Management Agreements (CBFMA), affirm that these lands are nevertheless historically part of their customary ancestral domain.

Political connections of owners of large estates

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A number of local government employees are themselves cooperative members and landowners. For example, the Municipal

■ *Focus Group discussion with landowners, workers and coop members in Brgy Pulot Interior / Bienvenido Ollave Jr.*



Assessor of Sofronio Española is also a Board member of Tapisan co-operative, and went to Mindanao in 2003 with the then Mayor to assess if it would be suitable to grow oil palm in their municipality. He then helped identify the first 1,000 ha as a pilot area for oil palm plantations. When asked for a copy of the map of the 1,000 ha, he said that it was not available in his office. At the same time, the Assessor also made clear that since the original 1,000 ha had been directly leased to the company this involved considerable 'sacrifice' on the part of the owners of that land and that 'they should be considered heroes' as they ended up renting their land without the benefit of receiving a share of production. He further stated that this was a condition and consequence of the company's entry into the area.

The Municipal Assessor is a forthright and direct advocate of the palm oil industry in Española, and he evidently has a firm belief in the economic potential of the industry, both as a source of employment and as a source of increased returns from lands that, according to him, have little other economic value or productivity. He was less emphatic, however, concerning the potential for revenue-generation for the municipality despite the fact that his major official role is to ensure the efficient collection of real estate taxes in the municipality.

Perhaps of greater concern is the apparent conflict of interest revealed in the Assessor's involvement in the palm oil industry. It was apparent that his determination to pursue the development of the industry was as much concerned with finding the means to make his own land productive, and to realise the necessary investment in the land and generate a personal income, as it was to pursue local economic development. It was clear that the Assessor saw nothing wrong with this, and that he would happily justify the realisation of both personal gain and local economic development as containing no inherent contradiction. However, this should be matched with the fact that he was able to use information (on land use, tax

assessments and land ownership) that was only available to him by virtue of his office to pursue his goals. He was then able to use this information to collaborate with others, including Landbank and company officials to pursue the development of oil palm in the Municipality. It should also be noted that oil palm development has never been included in the Municipal development plan, either prior to the visit by the Assessor and other colleagues and partners to Agumil in Mindanao, or since the development of the plantations.

It is curious that the two most significant expanding industries - mining and oil palm - are not mentioned in the current Municipal plan or, seemingly, in the draft plan currently being prepared. Yet both endeavours were able to proceed due to support of local government officials. The failure to include palm oil in the municipal plan was explained by officials as being due to the opposition of the former mayor who had a preference for the planting of rubber. This points, then, to the fact that some of the most significant developments in the Municipality are 'unplanned' in that they have not been subjected to effective public scrutiny by the constituents of the Local Government Unit. Instead, they appear to have been advanced by certain local civil servants who themselves have vested interests in the development.

Inclusion of palm oil in the public planning processes and its discussion in the Comprehensive Land Use Planning (CLUP) and Zoning Ordinances (ZO) of the municipality, if properly and openly undertaken, could have permitted public scrutiny and official study of the likely impact of the industry on the environment, employment and land ownership and control over natural resources of local communities and indigenous peoples. As it stands, it appears that the holders of official information have been able to make use of this information in pursuit of the development of their own business interests. Whilst it would be difficult, under current legislation in the Philippines, to cite this

as a direct example of graft or corruption, the lack of proper public scrutiny certainly points to governance shortcomings, including a lack of accountability to local constituents and the possibility of undue influence by local civil servants.

Environmental impacts of expansion

We do not encroach into forest reserves ...
People are not pinned down or pushed aside.
(Luigi Dominguez, Agumil General Manager)

Incidences of clearing in timberland for oil palm plantations in the municipality of Quezon have been reported by the Palawan Network of NGOs Inc. (PNNI). At least three cases of illegal logging, that is to say, felling timber without the requisite permit from the DENR, have been filed. In one of the cases, it was reported that approximately 25 ha of timberland had been cleared for an oil palm plantation. It was also reported that behind the timber felling lie the interests of outside investors hoping to establish large scale plantations under the names of local residents.

In Iraray II in Sofronio Española, one Palaw'an vendor of land complained that he was unaware that the CLOA-titled land he was selling included a portion of sloping forest land which is used as community forest, particularly for the collection of medicinal plants. It would appear from the initial information received that this portion of land should never have been part of a CLOA in the first place, since land above 18% slope should have been excluded from coverage under the rules of CARP.

Communities reported too that the creation of roadways in the plantations for hauling both fertiliser and FFB was causing eroded gullies in the plantations and contributing to siltation of local creeks and rivers. The communities also stated that run-off from the plantations has accelerated and contributed to occasional local flooding.

Finally, a ubiquitous concern throughout Pulot Interior, and also expressed in Iraray

II, was the problem of the intensity and duration of rat infestations. Communities report that rat infestations have become a recurrent issue since the arrival of oil palm, and that prior to this, it only occurred every five to 10 years. Rat netting was supposed to be a counterpart of growers, but none was observed in any of the plantations. Workers reported that it was common to find large nests of rats in the palms at harvest time, and local communities said that their crops and houses had at times been overrun by rats.

Working conditions

It is evident that the oil palm plantations in Sofronio Española provide employment opportunities to local inhabitants. Almost all the labourers interviewed stated that the oil palm helped them acquire regular work and gave them additional security of income, despite their frequently voiced concerns over delayed salary payments and overall working conditions. At the time of research, there was no data available from the municipal government as to the exact increase in employment since the oil palm company started its operations in Palawan. However, according to the Philippine Coconut Authority's (PCA) Palawan Field Office 2009 Year End Report on Palawan Palm Oil Industry Development, oil palm projects require one worker per hectare.³⁴ This means that if the total area planted with oil palm is of 3,790 ha, the oil palm project is providing 3,790 jobs to community members.³⁵ Nevertheless, on the ground, it is evident that the willing and available labour force within Sofronio Española and the nearby towns is not enough to meet the labour demand in the plantations, thus encouraging in-migration from nearby regions.

The impact of employment in the plantations is already being felt by the community. Although there is a shortage of labourers, those interviewed feel that they are easily disposed of by the plantation company. They feel that their complaints



■ *Plantation workers in Barangay Punang, Sofronio Española / Portia Villarante*

are either seldom entertained or have many times backfired on them, usually in the form of indefinite suspensions. There are workers, however, who take advantage of a close relationship with the supervisor or the leadman in the plantations to receive lenient or more favourable treatment. Since work in the plantations started in 2006, the labourers received salaries which started at USD \$1.90 (PHP 80) and have periodically increased to the current rate of around USD \$5 (PHP 210). The current rate was only recently implemented and now adheres to the government standard on minimum wage.³⁶ Some workers said that where salary arrangements are made in which food is included, the ration is usually very little, and that there is no drinking water provided. Some workers from barangay Iraray previously also received a year-end bonus, but only amounting to USD \$2.38 (PHP 100). During holidays, double pay is provided to regular company workers, while regular pay is still provided to contractual

workers. Workers also reported that they are required to pay for contributions (PHP 50 per ticket) for events organised by the company, such as a Christmas party or an activity in celebration of Labour Day, regardless of whether or not they actually attend the event.

They [Agumil] conducted public consultations, meetings and information dissemination. Mr. Gil Mahano, supervisor for Agumil conducted a meeting in 2011. During planting, there were quite a lot of workers but later on they decreased in numbers because of delays in payment of wages and because the work is far away. (Josielyn Aplaon, daughter-in-law of the Palaw'an leader Panglima Aplaon)

Salary provisions to workers are different depending on the area and the type of work they do. Some receive their salary per day or per month, but a common complaint is that the salary is always delayed. This is reportedly caused by the priority given by the company in paying off Landbank loans and the current insufficiency of income derived from harvests. Due to the delays in salary payments, most workers enter a credit system, known as *bunggo*, whereby they can loan

goods from stores (company, cooperative or privately-owned). However, they end up paying 10% to 15% more for those goods than they would have paid for them if they paid outright. They also said that by the time they received their salaries, most of it would go to the payment of the *bunggo*.

There are also frequent and consistent reports of ‘missing’ days from the records of work of the labourers. Workers said that they only know about the missing days on payday, and that complaints simply receive the response that they are being paid what is reflected in the record submitted by the supervisor to the company. Workers do not have their own copies of their work records and so there is no system for countersigning records held by both worker and field supervisor. Inconsistencies are always in favour of the company and the growers’ cooperative.

Furthermore, there are convincing allegations of children below 18 years of age having been hired in the plantations. Under Philippine law this is not in itself illegal, although there are strict prohibitions on children being involved in hazardous labour and on the hours they can work, especially for those aged 15 and below. Even for 16 to 18 year-olds, there are prohibitions on the entry of children into ‘hazardous labour’ and there is every argument for insisting that work in oil palm plantations is hazardous, due to exposure to extreme temperatures, dust and possibly pesticides, as well as the dangers of rat or snake bites, in addition to the wielding of sharp knives and the need to carry heavy loads.

The employment of those under the age of 18 has, according to Agumil/PPOVMI been addressed by now requiring each worker to show a community tax certificate (aside from the *barangay* clearance) on application which bears the birth date of the applicant. However, the community tax certificate is obtained from the municipal office and the birth date is usually dictated by the applicant, with no official proof of birth required by the same office. The researchers were also informed that workers

are only required to show their community tax certificate once a year at the beginning of the year. There is therefore still a window for under-age applicants to apply and work in the plantations. According to workers interviewed, and some of the cooperative out-growers, it is a distinct possibility that some child labour is still taking place.

With the entry of companies such as CAVDEAL and San Andres that have started to buy lands and plant oil palm, workers interviewed said that new policies on contractual or daily labour have started to emerge. They said that once they start working for one company, they are not permitted to seek work with another and are turned away if they do. In this way, companies are able to maintain their workforces. This is likely to have an effect on wages and additional benefits, as well as on working conditions, as competition for labour is diminished and workers are unable to move to work in areas or with groups where they feel terms and conditions may be more favourable. As a result, some workers stated that they had thought of organising themselves to bring their complaints to the management. However, they are afraid they will lose work and will find it difficult to find further employment in any other oil palm area if they challenge current employment practices.

The current General Manager of Agumil said that he had not received any complaints from the ground in his six months of work in Palawan. However, he also made clear that he has not conducted extensive visits to communities. It was apparent to the research team that an effective system of transparent communication concerning labour practices from the Agumil management to the field workers is lacking. Not only does this give rise to favouritism, the development of new forms of clientelism and the possible infringement of labourers’ rights under national and international law, but it is also likely to be detrimental to productivity.

According to the Municipal Assessor of Sofronio Española, who is also a Board

member of the Tapisan growers' cooperative and a grower himself, there are plans to construct bunkhouses near the plantations. This was explained as a means of ensuring that workers can get to the plantations on time, and to minimise their cost of transport. Currently, workers are picked up and brought to the plantations between five and six in the morning and the working day starts at seven in the morning, ending at four in the afternoon, with a one-hour lunch break at noon. Although the establishment of bunkhouses for the workers may seem as though it would be cost-effective for the company and the cooperatives, the social impact of this needs to be carefully assessed. Bunkhouses generally result in larger populations of single males, living far from home. This can create problems of isolation for the workers and impose social problems on communities. Historically, bunkhousing employees has also resulted in the creation of a docile captive labour force, dependent on their employer for all their needs, unable to demand fulfilment of their labour rights and in competition with local residents. If the project goes ahead, the company and the growers' cooperatives will need to carry out strict monitoring of the conditions in which workers live and host communities should be thoroughly consulted concerning the possible impact of the project.

Financing of operations

Landbank is the primary source of financing for the production of oil palm in Palawan. Landbank's exposure runs to PHP 144,000 (USD \$3,428.71) per hectare over four years. As a result of lower-than-projected income during the first year of commercial harvesting, Landbank is now having to consider restructuring the loans it has made to the growers' cooperatives and the loans it has made to Agumil for construction of the processing plant and nursery.

The initial plan had been for the cooperatives to start paying their loans from the proceeds of crop shares by the fourth year, and

then to seek one-year loans of working capital which could be rolled over on an annual basis thereafter, whilst the initial capital loans would be amortised over a maximum of 10 years. However, this has not worked out largely due to the massive increases in costs of oil-based inputs such as fertiliser, higher than foreseen labour costs and lower than forecast productivity. As a result, Landbank is considering not only restructuring loans at this point but also undertaking 'rehabilitation' of the plantations which received lower-than-optimal inputs during the initial period due to the high costs of those inputs.

Fortunately for landowners, the cooperatives' debts to Landbank are not collateralised against their land. However, they will find it very difficult to liquidate their assets or to switch to alternative crops, should they wish to do so, given that their land titles are held either by Landbank or the cooperatives in Landbank's stead, and due to the fact that they have a 30 year production and marketing agreement with the company through their cooperatives.

Wider effects on rural economies and communities

In almost all the focus group discussions with both farm labourers and small landowners, there was general agreement that the introduction of oil palm has the potential to raise incomes and to spur rural development. However, there was less agreement as to how truly beneficial the current form of development would be, especially for the poorest of the current residents in the oil palm areas.

Two eventualities are likely as a result of the rising demand for land. First, poorer households are likely to be deprived of access to land. Second, a growing rural differentiation will take place. At the lower end of this rural differentiation are likely to be the indigenous peoples in these areas. Whilst some indigenous peoples are currently gaining benefits from increased

and more regular incomes, many of the out-growers' cooperatives and the staff of Agumil/PPOVMI expressed a clear preference for non-indigenous labourers, repeatedly stating that indigenous peoples lacked the discipline to make good workers. As it is, there appears to be the beginning of a wave of migrant labour coming in to find work. A considerable proportion of the company's regular labour force is said to come from their plantations in Mindanao.

In the longer term, and assuming that the cooperatives and plantations are effectively rehabilitated after the restructuring of current loans, it would appear that a considerable number of indigenous peoples are likely to end up as rural labourers dependent on wage labour. This is likely to cause a reduction in income poverty but also a loss in their diversity of income and their diversity of direct access to food and non-food resources.

At present, palm oil production is not proving profitable in Palawan, largely due to the significant rise in the cost of oil-based inputs, such as fertiliser and the higher than expected costs of transport and milling costs incurred as a result of oil price rises since 2008 in the face of loan repayments to Landbank. The Municipal Assessor reported that there is little apparent increase in the local revenue base as a result of oil palm planting at this stage. Assuming that Landbank's terms for loan restructuring are generous enough to permit an early rise to profitability and that the rehabilitation of plantations and growers' cooperatives is sufficient to overcome the problems during the gestation period, it is likely that landowners will see rising levels of income from land. If this is the case, further conversions of land to oil palm are likely to occur, provided that financing continues to be available.

This in turn is likely to lead to the return of further absentee landowners, or to a rise in *de facto* absentee landlords. The question then will arise as to the extent to which profits and tax revenues are retained



■ Extract of production agreement between cooperative and landowner / Portia Villarante

■ Fresh fruit bunches for pick up at Barangay Pulot Interior, Sofronio Española , Palawan / Portia Villarante





■ *Group discussion with Pala'wan indigenous people in Sitio Maribong, Barangay Pulot Interior, Sofronio Española, Palawan / Portia Villarante*

in the locality. Currently, the local trading and commercial centre is the town of Brookes point, the site of the processing plant, rather than Sofronio Española, where the largest areas of plantations are located. It is likely that most commercial developments will occur in Brookes Point due to its comparative advantages in terms of shipping and communication facilities.

Aside from labour costs, another major variable cost is the trucking of FFBS to the plant. Faced with a shortage of local trucking facilities and without the capital to finance the expansion of local trucking, the company appears to have come to an agreement with CAVDEAL. Once again, it would appear that retained profits, and even much of the wages paid to their drivers (the majority of whom are believed not to be local), are likely to flow out of the area rather than be retained locally.

Finally, palm oil - rightly or wrongly - is receiving much of the blame for the decline in coconut productivity due to concerns about pest infestation following the widespread introduction of oil palm into the area. If palm oil proves as profitable as projected, there is a likelihood of continued pressure to sacrifice

coconut for palm oil, despite the fact that a properly financed programme of replanting and intercropping with adequate technical support could lead to renewed profitability. The likelihood is, therefore, of a growing dependency on a mono-crop economy of palm oil with the potential long-term risks that this dependency can pose to local food security, livelihoods and the local economy.

The process of respecting the right to Free, Prior and Informed Consent

Perspectives: the company

Agumil claims to have stayed away from untitled lands and from lands claimed by collective tenurial instruments, stating that it can find enough land covered by individual titles. At the same time, the researchers were informed that the company was attempting to enter an area covered by a CBFMA (Community-Based Forestry Management Agreements) in the town of Quezon, on the East coast of Palawan. In Tagosao, also in Quezon, the NGO network PNNI has conducted activities with DENR to prevent the illegal cutting of timber to allegedly make way for oil palm.

Villanueva 2011 also reports that there were attempts to convince indigenous peoples in Berong, Quezon to allow oil palm planting to taken place within an area covered by

a Certificate of Ancestral Domain Claim (CADC). Rather than have this put forward by the company, which would require a lengthy and formal FPIC process through the National Commission on Indigenous Peoples (NCIP), the community had been encouraged to propose the project thereby rendering it a ‘community-initiated’ proposal and resulting in a much abbreviated process with the NCIP. NCIP Provincial Officer Rolando Parangue described this as ‘a circumvention of the FPIC process, which is not illegal’.³⁷

Perspectives: the government

The National Commission on Indigenous Peoples (NCIP) is the primary government agency responsible for overseeing and implementing the protection of indigenous peoples’ rights under IPRA (the Indigenous Peoples’ Rights Act) and its corresponding rules and regulations, including the rules pertaining to free, prior and informed consent (FPIC). Like the company, NCIP also states that the majority of lands on which oil palm is planted are subject to individual titles.

NCIP’s rationale was that individually titled lands are not covered by FPIC regulations, since the choice of crop to plant is a private household decision rather than a collective community decision. They maintain this position, even if the total land area to be planted is so large it will impact the whole community, although Provincial Officer Parangue did describe this as a ‘loophole’.³⁸ At the same time, the Provincial Officer also explained that he felt the company’s main reason for focusing on individually titled land was that it would be too difficult for them to undertake the formal FPIC process in areas without individual titles and subject to customary use by indigenous peoples.

The problem with this rationale is that it reduces the right to FPIC to a particular type of landholding, namely, to land on which there are no individually owned titles and/or over which no indigenous peoples are formally making known a longstanding claim. This commonly subscribed to perspective has the

ultimate effect of undermining the concept of ancestral domain, to which most indigenous peoples adhere. Ancestral domain is a term deliberately used, since it includes more than land. A dictionary definition of ‘domain’ tells us that is either one or a combination of the following:

1. A territory over which rule or control is exercised;
2. A sphere of activity, concern, or function;
3. A political or cultural arena.³⁹

For the Palaw’an, the relationship with land is not normally one of ownership, and historically the notion of land ownership may well have been an anathema. Land itself was not so much seen as a material resource, but as a spiritual, cultural and physical arena from which resources such as plants and animals are accessed and within which rituals are conducted, be they rituals for healing, burial, marriage, decision-making or for managing conflict. Of primary concern to the Palaw’an, therefore, is the issue of ‘access’ to those resources and sites of religio-cultural practices, rather than formal recognition of title.

Unfortunately Philippine law and bureaucracy seem to have difficulty in respecting these perspectives. This is not for a want of aspiration and belief in the principles of the law, but because of the overriding role of land title in the Philippines as a whole. Under the Philippine system of land laws, it is impossible to guarantee absolute and perpetual usufruct rights other than through the express granting of title. This explains why even the poorest peasant farmer, poor urban settler or Overseas Filipino Worker (OFW) will always state that their ultimate dream is, aside from educating their children, to own their own land. No other claim will do apart from absolute title, and this reflects the legal and moral uncertainties pertaining to anything less. The bureaucracy in the Philippines, including that of the NCIP, appears to share these mores. On top of the conceptual shortcomings is the complicated proceduralism of respecting the right to FPIC in the Philippines.

Perspectives: the local communities

For many indigenous peoples in the Philippines, including the Palaw'an, ancestral domain is as a traditional concept that revolves around the notion of relatively uninterrupted access to resources, rather than to land. In other words, it was what the land produced that matters. Until the arrival of settlers and colonists in Palawan, the cultural and economic life of the Palaw'an was largely centred on the gathering of forest products, fishing in coastal waters and some small-scale swidden farming. What belonged to them was not the land, but what came from it. This to some extent explains the relative lack of resistance by the Palaw'an to the arrival of settlers, which contrasts with, for example, the resistance encountered by colonists and settlers who entered the territories of Moro Mindanao or the Cordillera, where control and ownership of land was clearly defined according to family, clan and tribe.

It is in this context then, that indigenous peoples accepted settlers as far back as the 1950s, and then accepted the distribution of CLOAs by the DAR to the children and grandchildren of those settlers in the 1990s with little dissent. The distribution of the later Agrarian Reform titles was also, no doubt, assisted by the fact that local indigenous leaders who received CLOAs were more exposed to the external and, by then largely lowland, concept of landownership, and gladly accepted it.

Former United Nations Special Rapporteur on the Rights of Indigenous Peoples, Rodolfo Stavenhagen, described how land is viewed by different sectors:

Farmers often see it as a productive resource. Indigenous peoples tend to see land as part of something greater, called *territory*. Territory includes the productive function of land but also encompasses the concepts of homeland, culture, religion, spiritual sites, ancestors, the natural environment.⁴⁰

Stavenhagen goes on to make the point more firmly by stating:

While access to land for productive purposes (agriculture, forestry, herding, foraging) by individual members of indigenous communities is certainly of the greatest importance for indigenous people, there are other factors involved as well. Indigenous communities maintain historical and spiritual links with their homelands, geographical territories in which society and culture thrive and that therefore constitute the social space in which a culture can reproduce itself from generation to generation. Too often this necessary spiritual link between indigenous communities and their homelands is misunderstood by non indigenous persons and is frequently ignored in existing land-related legislation.⁴¹

Stavenhagen then makes the important link between the themes of territory and culture and ILO Convention 169 Article 7.1, which states that:

The peoples concerned shall have the right to decide their own priorities for the process of development as it affects their lives, beliefs, institutions and spiritual well-being and the lands they occupy or otherwise use, and to exercise control, to the extent possible, over their own economic, social and cultural development.

Despite its relatively progressive legislation on indigenous peoples' rights, the Philippines is not a signatory to ILO Convention 169. However, it is a signatory to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Relevant articles in UNDRIP which may be applicable to those that do not claim ownership of land but have made historical use of the resources derived from it, include the following:

Article 18

Indigenous peoples have the right to participate in decision-making in matters which would affect their rights, through representatives chosen by themselves in accordance with their own procedures, as well as to maintain and develop their own indigenous decision-making institutions.

Article 23

Indigenous peoples have the right to determine and develop priorities and strategies for

exercising their right to development. In particular, indigenous peoples have the right to be actively involved in developing and determining health, housing and other economic and social programmes affecting them and, as far as possible, to administer such programmes through their own institutions.

Article 26

1. Indigenous peoples have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired.
2. Indigenous peoples have the right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired.
3. States shall give legal recognition and protection to these lands, territories and resources. Such recognition shall be conducted with due respect to the customs, traditions and land tenure systems of the indigenous peoples concerned.

Article 32

1. Indigenous peoples have the right to determine and develop priorities and strategies for the development or use of their lands or territories and other resources.
2. States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free and informed consent prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the development, utilisation or exploitation of mineral, water or other resources.
3. States shall provide effective mechanisms for just and fair redress for any such activities, and appropriate measures shall be taken to mitigate adverse environmental, economic, social, cultural or spiritual impact.

It should be noted that in each instance the provisions do not just cite 'lands' but also 'territories' and 'resources' as the fulcrum upon which rights rest. Given the State's obligations under these Articles, which have the force of domestic law as an agreed international obligation of the Philippines towards indigenous peoples, it should have

been incumbent on NCIP to have required that the company conduct a due diligence on local indigenous institutions, decision-making processes, social structures, cultural traditions, land uses and land claims. The government should also ensure that the company establishes and maintains systems to effectively manage ongoing interactions with indigenous peoples throughout the lifetime of the project. In the case of NCIP as well as other government agencies involved, such as the DENR, the DAR and the PCSD (Palawan Council for Sustainable Development), such due diligence was never demanded from the company, nor, evidence shows, encouraged by the government.

In essence then, indigenous peoples' rights were simply not seen as part of the equation by government agencies, since planting was said to be taking place on individually privately owned 'idle land', despite the fact that the Palaw'an interviewed by the researchers all claimed that the land on which the oil palm was planted was used by them on various occasions for swidden farming, the collection of medicines, as a source of weaving materials, root crops and other emergency food supplies, bamboo for construction and other purposes, and sometimes for honey collection. Indigenous peoples in Iraray II also stated that they now have to move farther afield to carry out their swidden farming because of the dangers posed by fire to the oil palm plantations. Such a variety of uses for the land targeted by Agumil belies the assumption that the land was 'idle', even if the latter day title-holders of that land assumed that it was.

Of further concern with regard to FPIC was the view of a PCSD staff member that it would simply not be possible for the company to enter any land covered by an Ancestral Domain Title as, according to him, the titles were required for collateral on the start-up loans made by Landbank to the out-grower cooperatives. This is inaccurate as Landbank has made clear that its loans do not form any kind of encumbrance on

the land title and that loans for palm oil are not collateralised by land title. However, Landbank does ask to hold the land titles to prevent land being sold or ‘pawned’ after it has been subject to planting with oil palm, as the plantation of oil palm requires a 25 year agreement to market the FFB through the borrower-cooperative and Agumil/PPVOMI.

Having said that, it is true that PCSD might not be expected to know the details of the loan agreements, but it is reasonable to expect PCSD to understand the extent to which timberlands, HCV lands and biodiversity in general are going to be impacted by the development of oil palm plantations. At the time of interview, PCSD had no maps of overall oil palm plantations in Palawan, and neither did the DENR. PCSD, as stated previously, seemed to have washed their hands of the matter, despite the potential effects on biodiversity already reported by growers, non-growers and indigenous peoples alike. The Council, like NCIP, simply maintains that it cannot interfere in the choice of crops that farmers choose to grow on their farms. This is ironic given that it seeks to control a whole range of other land use activities.

The PCA (Philippine Coconut Authority), also the agency responsible for vegetable oils in the Philippines, stated that it had no comprehensive maps of the extent of oil palm plantations, as did the DAR, even though the Provincial Agrarian Reform Officer (PARO) had recently assured a Board member of Landbank⁴², who happened to be a previous Under-Secretary of DAR, that all CLOA holdings subjected to oil palm planting were legitimately titled. Given the supposed absence of such mapping, it is hard to ascertain the basis upon which the PARO gave this assurance. His statement also contradicts the view of the NCIP provincial officer who said that ‘some of the private land claims appear surprising.’ Despite this statement by the NCIP provincial officer, there have been no steps taken by the provincial office of NCIP to investigate such claims.

Consultations and information-sharing

As far as can be ascertained from growers, local indigenous communities and barangay officials, a series of ‘consultations’ were held with communities invited to participate in oil palm planting. However, when asked to describe these meetings participants stated that they were animated by all the positive information and the way the economic benefits of oil palm were pitched, such that there was almost no discussion of any possible negative impacts. In particular, participants pointed out the lack of discussion concerning wider social or environmental impacts, or on the impact of turning their land over for such a long period if the financials did not work out as planned. One community stated that they had heard many promises of material benefits, but little of the other possible impacts of palm oil. To this extent, the initial introduction of the project appears to have involved a lot of so-called ‘propaganda’ in favour of planting oil palm and much less by way of an objective assessment of the full implications of participating in oil palm planting.

There is also no evidence that any social, cultural, economic or environmental baseline studies or impact assessment have been undertaken either before or since the establishment of the plantations. This is not to say that all the impacts are negative, indeed there are some indications that they are not. But neither are there grounds for asserting that all impacts are positive. On the other hand, there are clear grounds for saying that communities must have found it near impossible to make an informed decision.

Land use surveys were not conducted in a participatory manner and no records of participatory land use mapping were available to growers or communities. At the same time, it appears that the focus of discussions on oil palm planting was with the title holders of land, and there was little understanding that these owners may not have always been the primary users of the land.

When communities were asked whether they had their own records of the meetings held between them and company officers, they stated that they did not. Communities were clear in stating that a number of municipal officials and Landbank staff were persuasively in favour of the project, rather than adopting a stance that was open to the questions and doubts that the communities may have had.

One condition to enter oil palm production was that title holders join local cooperatives. In some cases, these were existing, but moribund cooperatives, and in others they were new cooperatives. In the formerly moribund cooperatives, such as the Malalong cooperative in Pulot Interior, this has meant that non-growers still retain membership of the Board whereas the cooperative's only active business is the production of palm oil. Members stated that some of these Board members have been taking advances from the cooperative. This may be illegal, and also indicates shortcomings in the maturity of the cooperatives and monitoring failures by both Landbank (as the main lender to the cooperative) and the Cooperative Development Authority (CDA) as the main regulatory body of cooperatives.

Furthermore, the management challenges of operating the cooperatives do not appear to have been explained to the putative members. In fact, Landbank officials stated that a number of the cooperatives and the plantations are now undergoing rehabilitation as a result of poor management and inability to pay back loans on time. When signing land lease agreements for the Anchor area, and production and marketing agreements for other areas, landowners reported not having access to any independent legal advice. It should also be noted that simultaneous with the signing of production and marketing agreements, a separate management agreement between the company and the cooperative was also signed. This allows the company to take over management of the oil palm plantation at its discretion and to charge a fixed fee

of 10% of all inputs as a management fee. Late payment of the fee also incurs a 14% compound interest charge. Again, communities received no independent legal or technical advice on this agreement and were presented with it in conjunction with the production and marketing agreement as a 'take it or leave it' combination.

The existence of such an agreement to be signed in conjunction with the agreement to devote their land for 25 years to oil palm, and to market all produce through Agumil/PPVOMI, indicates that the company already knew it would have to take over all aspects of production from the outset. The cooperatives, nevertheless, state that they were not made aware of the challenges of running the venture and therefore failed to understand the implications of dedicating their land to palm oil production for a period of 25 years. The Management agreement is for a period of 10 years or until the cooperative has paid off its Landbank loan. Given the fact that both Landbank and Agumil/PPVOMI are now talking of a period of plantation and cooperative rehabilitation, alongside processes of loan restructuring, it is clear that the management challenges, as well as the challenges imposed by the current global economic situation were not foreseen by the financiers or the company, let alone the growers.

In terms of the environmental impact of oil palm, it is clear that neighbouring farmers see oil palm as having major impacts on the productivity of their crops, especially coconut. The widespread brontispa beetle affliction was repeatedly cited by coconut farmers as having been caused by the oil palm plantations. Growers and non-growers alike stated that they were never informed of any such risks by the company. While many of them directly blame the company for importing the brontispa beetle, there is no evidence that the infestation did not come in through imports of ornamental plants rather than oil palm. What matters, however, is the impact that oil palm has had on the population of brontispa and

on its tendency to quickly traverse terrain from one area to another. Fortunately, the company has now resorted to the use of pheromone traps to deal with brontispa, and the PCA has reportedly been assisting with a fungal predator of brontispa.

Exercise of priority rights

Under IPRA, indigenous peoples have priority rights in the harvesting, extraction, development or exploitation of any natural resources within the ancestral domains.⁴³ Should Indigenous Cultural Communities (ICCs)/indigenous peoples give their FPIC to any development activity, project, programme or plan to be implemented by any government or private entity, they shall have the following rights:

- a. The right to an informed and intelligent participation in the formulation and implementation of the project;
- b. The right to receive just and fair compensation for any damage or loss which may be sustained as a result of such a project;
- c. The right to benefit sharing and;
- d. The right to exercise visoratorial powers and take appropriate action to safeguard the rights of the community under the same contract.⁴⁴

The findings of this case study appear to show that consent of local communities was obtained on the basis of inadequate and insufficient information, which itself was partial in favour of the potential benefits of oil palm. There is no evidence that feasibility studies or Environmental and Social Impact Assessments (ESIAs) were carried out at the time of initial development or since, by either the government or the company. Furthermore, the signing of the management agreement simultaneously with the production technical management agreement is a violation of the right of local communities to manage their own land. No compensation has been received by local communities for the loss of their trees and other resources during land clearing for oil palm planting. The right to compensation, transparency and FPIC are the rights of

indigenous peoples under international law, and they are rights accorded to all communities where RSPO rules are followed. Unfortunately neither Landbank nor Agumil have signed up to the RSPO principles.

National standards being developed to improve the palm oil sector

The lead agency for development of the palm oil sector is the Philippine Coconut Authority (PCA), and under it the Palm Oil Development Office (PODO). As explained in Villanueva 2011,⁴⁵ the government has largely supported development of the palm oil industry by the private sector through policy proposals. The PCA on the other hand has held back from responding immediately to policy proposals, citing the need to protect the coconut industry. Apart from the PCA, other agencies that have monitoring responsibilities in terms of land use regulation and governance include DENR, DAR, NCIP and PCSD.

The oil palm plantations in Palawan were subject to the formal process for the acquisition of Environmental Clearance Certificates, but only at the insistence of Landbank. It is ironic that the primary lender to the project should have insisted on this when a special environmental law governs Palawan along with its corresponding implementing body, the PCSD, which exists precisely to govern concerns over environmental impacts, sustainability and biodiversity.

A Multi-stakeholder Monitoring Team (MMT) has been established for the Palawan oil palm plantations by the Palawan Palm Oil Development Council, but it does not convene regularly. Meanwhile, each government agency approached maintained that it had no maps of the extent of palm oil plantations on the island and no means of monitoring planting of oil palm. In the absence of such maps it is also impossible for the government to systematically determine the ownership,

elevation, cadastral status or prior land use of areas on which oil palm is being planted. National standards on oil palm development are minimal and revolve around three notions. First, that palm oil should be complementary to rather than a competitor of coconut. Second, that oil palm should only be planted in idle, unproductive or underdeveloped areas. And third, that the planting of oil palm should only take place where milling facilities are available or assured. Other policies stipulate that oil palm growing should be promoted through organised growers and that the government should coordinate further research on, and development of, the crop.

In terms of industry plans, these tend to be vague and somewhat ambitious declarations of intent at the national level, while more substantial planning seems to occur at the local level through local politicians who are able to assist in generating the support of national entities such as BOI, PCA, DENR and others. It is this approach that best explains the creation of the Palawan Palm Oil Industry Development Council (PPOIDC), an institution whose existence is symptomatic of weak and lacking initiative on the part of government bodies to effectively monitor and regulate oil palm expansion.

Palawan Palm Oil Industry Development Council

The Palawan Palm Oil Industry Development Council (PPOIDC) was established on 13th January 2004 to perform the following duties and functions:

- a. Formulate policies and plans for the development of the palm oil industry in the Province of Palawan and to recommend the same to the *Sangguniang Panlalawigan* (Provincial Council) for appropriate legislative measures, if necessary;
- b. Initiate research on palm oil development;
- c. Advocate the promotion and institutionalisation of the palm oil industry development in the Province;
- d. Encourage the investments and promotion of

palm oil industry development, particularly on the establishment of milling plants/refineries and seed farms;

- e. Monitor, evaluate and recommend measures in the implementation of the programs of the Provincial Government on palm oil industry development;
- f. Determine the areas suitable for palm trees plantation with the Province of Palawan;
- g. Perform such other duties and functions as may be necessary for the effective implementation of the Program.

The PPOIDC is mostly composed of government agencies, including the Governor and Vice Governor, Committee Heads on Agriculture and Environment and Natural Resources of the *Sangguniang Panlalawigan*, Provincial Officers of the PCA, the Provincial Environment and Natural Resources Officer (PENRO), the PARO, and representatives of NCIP, DA and PCSD. It is also interesting to note that there is no representation from civil society, except for Palawan State University, an academic institution, and PALCOUNT Foundation, Inc., a private stakeholder in the palm oil industry. PALCOUNT appears to have subsequently been replaced by PNNI. Landbank is now also a member of the PPOIDC.

Industry involvement in or action on the RSPO

PPOIDC is aware of the RSPO. There is a link to its website on the PPOIDC page, and it referred to in the Proceedings of the 6th National Palm Oil Congress held in Palawan in June 2009.⁴⁶ It is unclear, however, if there has been any subsequent action on the part of the PPOIDC to implement, or encourage members to sign up to, the RSPO guidelines on oil palm operations. The General Manager said that he is not aware if the company head office is in communication with the RSPO at this stage. Although Agumil is not an RSPO member, the company has in the past indicated its interest in joining this organisation.

Recommendations

In the light of the findings described in this study, the following recommendations are suggested:

1. Regulatory mechanisms must be put in place urgently to ensure that accurate monitoring of the extent of oil palm planting can take place. This should include monitoring of which lands are affected by the plantations, their legal status, and the rights of the peoples living on it.
2. The company should share all maps of oil palm estates and all cadastral surveys with the relevant government offices (*barangay* officials, Municipal Assessors, local, provincial and national offices of the DENR, PCA and DAR) AND with local communities (including but not limited to local traditional leaders and out-grower cooperatives).
3. The province of Palawan should reactivate its own Oil Palm Development Council and especially its Multi-stakeholder Monitoring Team (MMT), which should formally include both critics and supporters of the industry, including indigenous peoples' representatives and Civil Society Organisations (CSOs) and Indigenous Peoples Organisations (IPOs).
4. Communities recommended that the company prepare and disseminate regular news pamphlets and updates regarding the company and its operations.
5. Communities with reservations or questions over the impact of the industry must be provided channels of communication to speak out and the company should undertake regular dialogues with both critics and supporters of oil palm development.
6. Advocacy groups and CSOs should be free to undertake ongoing research and monitoring of both the social and environmental impacts of the industry and should be able to access accurate and updated data freely.
7. Freedom of association among labourers should be openly supported by both the government and the company. Workers should be enabled to form unions, associations or workers councils as they wish and should be free to enter into open dialogue and negotiation with the company.
8. The company should ensure that all out-growers receive their own copies of mill receipts at the time of FFB deliveries and ensure that the accuracy of weighbridge measurements are independently verified from time to time.
9. All field workers should have their own countersigned time records and any other contracts and documents relevant to their work.
10. Landbank should consider joining RSPO in order to better implement and strengthen its own principles and standards in practice.
11. Landbank should undertake social and environmental impact analyses of all potential projects and then subject these to independent review following financing. This could be achieved through existing bodies by signing up to the Equator Principles. Such analyses should include all stakeholders in the business and not be restricted to cooperative borrowers and their landholdings.
12. The province and the municipalities of Palawan where oil palm is planted, or where oil palm plantations are projected, should undertake comprehensive studies and forecasts of oil palm developments in their areas and incorporate results obtained in their respective development plans for open consultation with their constituents.
13. RSPO should consider inviting local and national governments to associate with RSPO and its principles.

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1. Sarian 2012.
2. Ibid.
3. DA: Department of Agriculture; DAR: Department of Agrarian Reform; DENR: Department of Environment and Natural Resources; DOST: Department of Science and Technology; LGU: Local Government Unity; DILG: Department of the Interior and Local Governance; DTI: Department of Trade and Industry, PPDCI: Philippine Palm Oil Development Council Inc.
4. Ibid.
5. Amojelar 2011.
6. Mayuga 2012.
7. Valencia 2012.
8. Nozawa 2011.

9. Philippine Palm Oil Development Council 2012.
10. FELDA started as a government mechanism to develop small owner cooperatives among rubber estates, then moved to clearing new land for resettlement and thereafter diversified from rubber into palm oil and other crops. FELDA then also moved away from cooperatives, reportedly because of a problem with 'free-riders' in the cooperatives. FELDA has holdings with 26 subsidiaries and holds shares in such areas as banking. It is also the owner of FELDA Global with interests in over 20 countries. FELDA has been held up by some as a model of rural poverty alleviation. It is RSPO certified. As of 2009, FELDA had developed over 9,000 km² of land. Eligible beneficiaries are solely restricted to Malays.
11. Isip 2011.
12. Manila Bulletin 2012.
13. Aguiba 2011.
14. Landbank (nd)a
15. Ibid.
16. Landbank (nd)b.
17. LBP: Land Bank of the Philippines.
18. Ibid.
19. Landbank (nd)c.
20. EC-OMB Corruption Prevention Project 2007.
21. The *barangay* is the smallest administrative division in the Philippines and is the native Filipino term for a village, district or ward.
22. Philippine Clearing House Mechanism for Biodiversity 2009.
23. Ibid.
24. Ibid.
25. Ibid.
26. Social Watch 2007, Table A3.5.
27. Mendoza 2011.
28. Neame & Villarante 2011.
29. Manila Bulletin 2011.
30. Ibid.
31. The municipal administrator of Sofronio Española, himself a Board Member of a growers' cooperative and an early and staunch advocate of oil palm, confirmed that, as a result of the interest in palm oil production, land prices in the municipality have risen from PHP 3,500 (USD \$85.4) per hectare in 2005 to PHP 10,000 (USD \$244.1) per hectare by 2011. Note: It is also ironic that Landbank should be the one supposedly financing these groups when it was Landbank too that acted as the government financial instrument to finance agrarian reform in these same areas in the 1990s. The researchers were unable to assess whether Landbank had tried to ensure that agrarian reform amortisations were paid off before lending to oil palm production in land previously included in the agrarian reform programme. However, it is well-known that, nationally, Landbank collections of agrarian reform amortisations have stuck at around 30%. Neither were the researchers able to

establish whether there had been a sudden rise in payments of amortisations following the entry of outside groups wishing to undertake oil palm plantations. In fact, Landbank informed the researchers that it was a different department of the bank that dealt with agrarian reform payments and therefore the amortisation status of land previously subjected to agrarian reform had not been considered in advancing loans for oil palm.

32. Republic Act No. 7881, 20th February 1996.
33. Local Government Code of 1991.
34. Quoted in Villanueva 2011:118. Note: This figure is belied by a figure of only 36 workers per 100 ha annually cited by a Sawit Watch study of Indonesian palm oil plantations (Jiwan 2010:1).
35. Ibid.
36. Based on a PHP 42:US\$1 exchange rate. Minimum wage for agricultural plantations is PHP 210 (Department of Labour and Employment 2012).
37. Villanueva 2011:183-184.
38. Interview with Provincial Officer of NCIP for Palawan, Rolando Parangue on 29th June 2012.
39. The Free Dictionary, <http://www.thefreedictionary.com/domain>.
40. Stavenhagen cited in Rosset *et al.* 2006:208.
41. Ibid.
42. Interview with Gerry Bulatao, Board member, Landbank, 20th July 2012.
43. IPRA Section 57. Natural Resources within Ancestral Domains.
44. IPRA Section 7b. Management of Joint Undertakings Within Ancestral Domains.
45. Colchester & Chao 2011.
46. Philippine Palm Oil Development Council Inc. 2009:15 & 22.