

Republic of the Philippines
PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
18/F Three Cyberpod Centris, North Tower,
EDSA cor. Quezon Ave., Quezon City
Telephone No. 877-4043
Website: <http://www.pids.gov.ph>

INVITATION TO SUBMIT RESEARCH PROPOSALS

1. The Philippine Institute for Development Studies (PIDS) invites all eligible consultants to submit proposals for the provision of consultancy services entitled “*CARP after 30 Years: Study II – Assessment of AVAs for the Modernization of Agriculture.*”
2. The project aims to have an in-depth assessment of the effectiveness and efficiency of the agribusiness venture arrangements (AVAs) specifically in relation to CARP and generally in relation to the agriculture sector. The consultant, under the guidance and technical oversight of a PIDS Senior Research Fellow, shall be the Principal Investigator for the study, and is expected to work with the project team and provide a comprehensive report and policy recommendations on AVAs through a review of AVA experiences in other countries, the conduct of interviews from relevant offices, as well as case studies on major crops.
3. The approved budget for the abovementioned research project is PhP280,000.00 and will be implemented for approximately 7 months.
4. To be registered and eligible to be included in the PIDS’ database of research consultants, interested proponents must submit the following documents:
 - a) PhilGEPS registration number
 - b) Tax Identification Number (TIN) and Curriculum Vitae (for individual consultants)
 - c) Filled-up accreditation form/registration form*, which includes information on completed contracts and all on-going government and project contracts, including contracts awarded but not yet started.
 - d) Notarized Affidavit* containing: statement of Filipino citizenship and supporting documents, i.e., birth certificate, passport, or other documents relative to citizenship; statement of not “blacklisted” or “barred” from bidding by any government agency, office, or corporation, and authority to verify documents.
 - e) *Registered professional authorized by appropriate regulatory body to practice those profession or allied professions, if applicable.*
 - f) BIR Certificate of Registration (for individual consultants)
 - g) DTI/SEC/CDA registration, and Mayor’s Permit (for consultancy firms)
 - h) *Audited financial statements for the immediately preceding calendar year stamped “received” by BIR or its duly authorized/accredited institutions (for consultancy firms)*
 - i) Income/Business Tax Return

*Registration of qualified proponents is on-going. Please secure copies of the registration form and affidavit from the Project Services Department c/o Jan Michael M. Oseo at 18/F Three Cyberpod Centris – North Tower, EDSA cor. Quezon Ave., Quezon City. These documents may also be requested via email at joseo@mail.pids.gov.ph.
5. The Terms of Reference (TOR) of the study, the PIDS Technical and Financial Proposals template, and other pertinent documents may be secured by consultants from the Project Services Department c/o Jan Michael M. Oseo at 18/F Three Cyberpod Centris – North Tower, EDSA cor. Quezon Ave., Quezon City, or via email at joseo@mail.pids.gov.ph.
6. The Institute shall adopt the Quality-Based Evaluation Procedure in the selection of consultants.
7. Deadline for the submission of eligibility requirements and technical and financial proposals for the abovementioned research project is on or before April 4, 2017 addressed to:

Sonny N. Domingo – Chairperson, BAC for Consultancy Services
c/o The BAC Secretariat (Consultancy Services)
18/F Three Cyberpod Centris – North Tower, EDSA cor. Quezon Ave., Quezon City
8. PIDS reserves the right to reject any or all the proposals, or declare a failure of bidding, or not award the contract, if there is evidence of collusion including any act which restricts, suppresses or nullifies competition, or if there is a failure to follow the prescribed bidding procedures. PIDS also reserves the right to waive any required formality in the proposals received, and select the proposal which it determines to be the most advantageous to PIDS.

Sonny N. Domingo
Chairperson
PIDS-BAC for Consultancy Services

Philippine Institute for Development Studies

TERMS OF REFERENCE

CARP After 30 Years and Forward Options:

Study II: Assessment of AVAs for the Modernization of Agriculture

1. Background and Rationale

The involvement of agrarian reform beneficiaries in agribusiness venture arrangements (AVAs) started towards the end of the supposed the ten-year implementation of the Comprehensive Agrarian Reform Program (CARP). Based on the phases of CARP as set in Republic Act No. 6657, farms devoted to commercial farms were supposed to be covered in 1998. The AVAs then were considered a promising strategy to address the land tenure structure of many small farms divided into fragmented parcels that often are not suitable for commercial agriculture. Through an AVA, the operating size for agricultural production is optimized. Moreover, the Department of Agrarian Reform (DAR) felt that this will attract investors to CARP-covered areas to provide the needed financial, technical and/or managerial resources for commercial agriculture and promote agricultural security of tenure and security of income to the beneficiaries considering that the beneficiaries still had to be capacitated in the aforementioned aspects.

In particular, the DAR formalized support to the development of AVAs through series of administrative orders. DAR Administrative Order No. 09 (AO 09), Series of 1998. identified different types of AVAs that may be entered by qualified ARBs or their cooperative/association such as: ¹ (1) joint venture arrangement; (2) lease arrangement; (3) contract growing/growership arrangement; (4) management contract; (5) marketing agreement; or (6) build-operate-transfer scheme.²

The various types of AVAs may be defined as (DAR AO 02 Series of 1999):

1. *Joint Venture Agreement (JVA)* is an AVA scheme wherein the ARBs and investors form a joint venture corporation (JVC) to manage farm operations. The beneficiaries contribute the use of the land held individually or in common and the facilities and improvements, if any. On the other hand, the investor furnishes capital and technology for production, processing and

¹ DAR AO 09, Series of 1998. Rules and Regulations on the Acquisition, Valuation, Compensation and Distribution of Deferred Commercial Farms.

² DAR AO 9, Series of 1998 specified that the AVAs that may be entered into by the ARBs or their cooperative/association are not limited to the AVAs mentioned.

marketing of agricultural goods, or construction, rehabilitation, upgrading and operation of agricultural capital assets, infrastructure, and facilities.

2. *Lease Agreement* is an AVA scheme wherein the beneficiaries bind themselves to give the former landowner or any other investor general control over the use and management of the land for a certain amount and for a definite period.
3. *Contract Growing/Growership/Production Arrangement* is an AVA scheme wherein the ARBs commit to produce certain crops which the investor buys at pre-arranged terms (e.g., volume, quality standard, selling price). This may come in the form of production and processing agreements.
4. *Management Contract* is an AVA scheme wherein the ARBs hire the services of a contractor who may be an individual, partnership, or corporation to assist in the management and operation of the farm for the purpose of producing high value crops or other agricultural crops in exchange for a fixed wage and/or commission.
5. *Marketing Agreement* is an AVA scheme wherein the investor explores possible markets/buyers for the ARB's produce and, in turn, receives commission for actual sales. It is distinct from the direct marketing arrangement/contracts of ARBs or their cooperative/association wherein the regional/provincial marketing assistance officer of DAR helps or assists in the sale and marketing of ARBs produce to a regular market, e, g., institutional buyers such as Cargill Philippines or San Miguel Corporation (SMC) for yellow/hybrid corn. This arrangement is under the DAR marketing assistance program (MAP) and is not considered as an AVA scheme.
6. *Build-Operate-Transfer* (BOT) is an AVA scheme wherein the investor builds, rehabilitates, or upgrades, at his own cost, capital assets, infrastructure, and facilities applied to the production, processing, and marketing of agricultural products and operates the same at his expense for an agreed period after which the ownership thereof is conveyed to the ARBs who own the land where such improvements and facilities are located.

The implementation of the various types of AVAs is governed by policies that aim to ensure protection, viability and stability of ARBs or their cooperatives/associations in the negotiations (DAR AO 09, Series of 2006; DAR AO 02, Series of 2008)³.

Since the implementation of the AVAs, a number of studies have already been implemented. DAR has had in-house studies, but the gathered information, results, and recommendations are more inclined to the refinement of DAR policies and strategies rather than on having an assessment of the effects of AVAs on the agricultural sector. The 2016 study prepared by the Food and Agriculture Organization (FAO) of the United Nations and commissioned

³ *DAR AO 09, Series of 2006: Revised Rules and Regulations Governing Agribusiness Venture Arrangements (AVAs) in Agrarian Reform Areas.

*DAR AO 02, Series of 2008. Guidelines Governing Lease of Lands under Agribusiness Venture Arrangement (AVA) in Agrarian Reform Areas and the Determination of Lease Rental Thereof.

by the DAR had more comprehensive objectives that considered the agricultural productivity of lands devoted to AVAs among others. However, due to the FAO study's numerous and multi-faceted objectives, the empirical evidence on the issue of agriculture productivity and viability of AVAs is sketchy. This proposed study aims to have an in-depth assessment of the effectiveness and efficiency of the AVAs specifically in relation to CARP and generally in relation to the agriculture sector. It will focus on major crops to have a more in-depth assessment.

2. Objectives

The objectives of the project are the following:

- Review the AVAs arrangements and experiences in other countries
- Provide the conceptual framework of AVAs in relation to land consolidation
- Assess the viability of existing AVAs in the Philippines and provide comparative analysis with other countries.
 - Measure the productivity and profitability of AVAs
 - Examine the institutional/regulatory environment of AVAs in the country

3. Scope of Work

Under the guidance and technical oversight of a PIDS Senior Research Fellow, who serves as Project Director, the Consultant shall be the Principal Investigator for this study. He/She is expected to work with the Project Team and perform the following tasks:

- Provide a review of the AVA experiences in other countries and relate to the Philippines
- Collect secondary data from concerned agencies
- Provide secondary data analysis
- Conduct relevant interviews from concerned offices (e.g. Department of Agrarian Reform), ARBs, and AVA investors
- Conduct case studies on three crops (providing principal agricultural products in the past three years): banana, pineapple, and sugarcane
- Provide case study analysis
- Prepare a comprehensive report
- Provide policy recommendations on AVAs
- Present the findings of the draft report in a research seminar
- Draft policy notes on the key findings of the study

4. Qualifications of the Consultants

The Consultant should have the following qualifications:

- Preferably, Ph.D. in Economics or Development Economics
- At least 5 years of relevant experience
- Desirable Qualifications: with technical expertise in the agricultural sector and a good track record of delivering high quality products

5. Deliverables

The Consultant will prepare the following outputs based on the schedule below:

| Activities and Deliverables | Due Dates | Payment Tranches |
|--|-------------------|------------------|
| Upon submission of Inception Report describing in detail the methodology, work plan, and schedule of activities, acceptance and approval of PIDS | April 24, 2017 | 10% |
| Upon submission of Preliminary or Progress Report containing the literature review, acceptance and approval of PIDS | June 19, 2017 | 25% |
| Upon submission of Draft Report and presentation in an internal Research Workshop , acceptance and approval of PIDS | September 4, 2017 | 25% |
| Submission of Final Report addressing comments to the Draft Report and comments from the Research Workshop, Policy Notes and turnover of data and materials used , acceptance and approval of PIDS | October 20, 2017 | 40% |

6. Project Duration

The contract period is from April 13, 2017 to November 6, 2017 on a part-time basis.

7. Project Cost

The estimated cost of this consulting service is Two hundred eighty thousand pesos (Php280,000). This does not include the cost of the consultant's field visits which will be shouldered by PIDS.