

**STUDY ON FRUIT AND VEGETABLE INDUSTRY AND RESPONSIBLE
BUSINESS CONDUCTS AND CORPORATE SOCIAL
RESPONSIBILITY TOWARD SOCIAL AND ECONOMIC UPGRADING:
THE CAVENDISH BANANA INDUSTRY IN DAVAO REGION**

By

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ABSTRACT

The study documented the responsible business conducts (RBCs) of selected enterprises in the Cavendish banana industry in Davao Region adapting the supply chain analysis as the conceptual framework. Three banana growers and one processor of banana rejects are the subject of the case studies. The three growers have varied classification as a business entity, one multi-national company (MNE), one big locally owned enterprise and the third is an agrarian reform cooperative (ARC). The main business of the fourth case (family owned enterprise) is focused on processing banana chips from the rejected produce of banana growers.

The study recorded the RBCs being practiced by these enterprises and probe whether the practices have trickled down to the bottom line of the organization. Both labor and management agreed to resolve the concerns regarding the Agri-business Venture Arrangement (AVA) under the Comprehensive Agrarian Reform Program (CARP) and succeeded to craft new forms of contracts without turning into leasehold arrangements. A salient provision in the new contract has resolved the problem on pricing policy which allow renegotiation in accordance with the existing rate in the global market.

In the case of the banana chips factory, two main achievements were recorded, saving the rejects while generating employment opportunities for the local folks. The company also ventured into processing the production wastage into fertilizer to be distributed back to the growers to encourage less application of chemical pesticides.

At the industry level, a new form of tripartite arrangement was developed, called Tripartite Plus. Key players were expanded to include Agrarian Reform Cooperatives (ARCs), banana companies (MNEs, small-medium to big enterprises), social development enterprises and other not for profit organizations. The Tripartite Plus have crafted a Voluntary Code of Conduct on Decent Work for the observance of all members where most of the provisions promote decent work and safeguard the interest of the players at the bottom line. Though some RBCs are traditional in nature with some dole-outs, at the minimum provided additional resources and employment opportunities for the beneficiaries and other unskilled workers in the area. The Tripartite Plus Voluntary Code of Conduct remained not fully implemented and monitored; however the initiative is worth noting for it was the first to be recorded. But most of all, through RBCs, major bottlenecks and challenges were addressed, e.g. saving AVA under CARP, developing sound relationships among and between the key players in the labor relations system, providing higher income and benefits to the workers, thus contributing to the social and economic upgrading of all key stakeholders.

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List of Acronyms

ACIAR	Australian Centre for International Agricultural Research
ARB	Agrarian Reform Beneficiary
ARC	Agrarian Reform Cooperative
AVA	Agri-Venture Arrangement
BIDC	Banana Industry Development Council
CARL	Comprehensive Agrarian Reform Law
CARP	Comprehensive Agrarian Reform Program
CARPER	Comprehensive Agrarian Program Extension with Reforms
CB	Collective Bargaining
CBA	Collective Bargaining Agreement
CDA	Cooperative Development Authority
CFS	Collective Farming System
CG	Collaborative Governance
CGA	Collective Growership Agreement
CRS	Catholic Relief Services
CSR	Corporate Social Responsibility
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DILG	Department of Interior and Local Government
DOLE	Department of Labor and Employment
DOST	Department of Science and Technology
DTI	Department of Trade and Industry
ECOP	Employers Confederation of the Philippines
FarmCoop	Foundation for Agrarian Reform Cooperatives in Mindanao
HVCDP	High Value Crops Development Program
IFS	Individual Farming System

ILC	International Labour Conference
ILO	International Labour Organization
ISO	International Organization for Standardization
LMC	Labor Management Council
PBSP	Philippine Business for Social Progress
PHILEXPORT	Philippine Exporters Confederation of Mindanao
PIDS	Philippine Institute for Development Studies
OECD	Organization for Economic Cooperation and Development
TADECO	Tagum Agricultural Development Company, Inc.
TIPC	Tripartite Industrial Peace Council
SCA	Supply Chain Analysis
SCM	Supply Chain Management
VICSMIN	Vegetable Industry Council of Southern Mindanao

Introduction

The business world is now encountering challenges brought about by the fast-changing global environment. The business sector has to face the challenges of gaining competitive advantage which includes coping with the very stiff competition, enhancing higher productivity through installation of quality control systems, and high performing production operations. It has to respond to the changing patterns of consumer behavior and develop social mechanisms that promote strong linkage and network with business partners and forging genuine partnership with the key stakeholders at the enterprise and industry level.

It has been recognized that meeting these challenges will not be successful without taking into consideration the trends and development in the labor relations system, as well as new approaches to resolve constraints and bottlenecks encountered both at the industry and enterprise level.

The initiative to promote corporate social responsibility (CSR) along with the global supply chains has been gaining momentum in recent years. CSR is coined as responsible business practices (RBCs) by the Organization for Economic Cooperation and Development (OECD) and International Labor Organization (ILO). There is also an increasing number of corporations committed to the United Nation Sustainable Development Goals (SDGs) along with other international frameworks such as the UN Global Compact, the UN Business and Human Rights Framework and its Guiding Principles and the ISO 26000. Many lead firms in the global supply chains subscribed to the framework of the UN Principles of Responsible Investment (PRI), the Equator Principles and the Environment Social and Governance (ESG) investment and ILO MNE Declaration (See Annex 1.)

It has been observed in Philippine setting that these new models of strengthening CSR and RBC cannot be met without focusing on forging partnership with the key stakeholders, specifically, the workers and its organizations, the suppliers and its associations, the general public as represented by peoples' organizations (POs) and non-governmental

organizations (NGOs), the government sector with its concerned agencies e.g., Department of Labor and Employment, Department Science and Technology (DOST), Department of Agriculture (DA), Department of Interior and Local Government (DILG, Cooperative Development Authority (CDA) and other concerned agencies. ILO (Phils.) in collaboration with the European Union (EU) engaged in three programs to assess the gains and potentials as well as the level of compliance and commitment of selected enterprises in the fruit industry.

ILO conducted three studies in the agribusiness sector mainly using the value chain analysis (VCA) as a tool for examination. The first research undertaking is the study on "The Future of Work in Agro-Food Value Chains: Social Upgrading in the Philippines' Pineapple Production" (Henry & Chato: ILO: 2019) The said study concluded that there are many issues and concerns in the value chain of pineapple growing, from the crafting of the growership contract, agri-business venture arrangement (AVA) between a company/MNE and agrarian reform cooperative (ARC) up to the implementation aspect. The research undertaking also shows that the failure of the growership arrangements led the ARBs to enter into leasehold contracts with the multinational enterprise (MNE). This scheme reflects the failure of the Comprehensive Agrarian Reform Program (CARP) for the main mission of the government program is to award land for the landless and to be tilled by the farmers themselves. (Refer to Discussion on Findings, sub topic on Promotion of Decent Work in the Agri-Business Sector for further discussion.)

The second research is focused on the study of "Trade and Value Chains in Employment-Rich Activities (TRAVERA): An Analysis of Selected Non-Traditional Coconut Products in the Philippines". (Costales: ILO: 2019). This said research concluded that there a potential growth in the processing of other by-products of coconut. The study proposes a business model that is integrative and comprehensive with the notion that its application should be tailored fit to the existing conditions and driving forces in the production system. The decent work agenda could be possibly attained if there is close coordination and harmonization of approaches and goals of the key players

within the value chain. (Refer to Discussion on Findings, sub topic on Promotion of Decent Work in the Agri-Business Sector)

The third research focused on "The Study of Fruits and Vegetable Supply Chains and Responsible Business Research Conducts towards Economic and Social Upgrading: The Cavendish Banana Industry in Davao Region". The study is part of a larger ILO initiative on documenting the RBCs and reforms on social accountability programs of the various formations with an industry anchored on the provisions of the MNE Declaration. As required in the Terms of Reference (TOR, see Annex 2) of this research, at least three selected cases in the Cavendish banana industry and two from the non-banana sector must be documented. The results indicated a prospect for the development of more RBCs as the gains and benefits have assisted in the resolution of some bottlenecks encountered in the production system. (Refer to the Discussion of Findings, Conclusion and Implications and Recommendations for detailed discussion.)

It is expected that the findings and results of these three researches will guide the crafting and promotion of new programs and initiatives that will further foster the decent work agenda and protection of workers' rights and for the interest of the agri-business industry. It also aimed at documenting the best approaches and practices that will serve as guide for other industry with parallel conditions.

2. Objectives

The research objectives of the 3 studies as provided in the Terms of Reference (TOR) (See Annex 2) are:

- 2.1 to explore the possibilities of the RBC or the CSR practices in contributing to both economic and social upgrading in specific fruits or vegetable supply chains in the Philippines by:
 - 2.1.1 documenting relevant RBC/CSR cases in the country that achieved the upgradation of the double-bottom line (economic and social) in supply chains (including those outside of the fruits and vegetable

supply chains); and

- 2.1.2 generating an in-depth knowledge of employment and labour issues in a selected value chain of fruits and vegetable sector in the Philippines along with the competitiveness and productivity issues.
- 2.2 to review the objective evidences of social and economic upgrading done by the MNEs or the national lead firms of the supply chain addressing decent work deficits in the weakest parts of the supply chains.
- 2.3 to analyze and draw from findings, the employment and labour issues, competitiveness and productivity aspects of a selected fruits/vegetable value chain such as those of pineapple, and the non-traditional coconut products, and the growing knowledge base of similar cases studies by ILO globally.
- 2.4 to construct a value chain map of a key commodity where the decent work deficits are analyzed along with productivity bottlenecks and competitiveness challenges
- 2.5 to provide an input to high-level tripartite plus dialogue at the national level during which the findings and recommendations will be discussed. The outcome of the dialogue could possibly lead to a common understanding on the way forward and concrete actions to be implemented at the policy and enterprise level.

3.0 Review of Related Literature

3.1. Dimensions of RBC and CSR

The definition of RBC and CSR has evolved since the ancient times. Werther & Chandler (2011) have pointed out that the Egyptians and Sumerians made use of rules for commerce in order to facilitate trade and ensure that the large public's interest is taken into consideration. The authors furthered that evidence of social

activism against corporations back in 1790s, when one of the first consumer boycotts was organized in the slave-harvested sugar in British West Indian slave plantations.¹

Discussing the development of CSR from 1800 to 1900 entails a lot of research and studies. However, researches have postulated that CSR evolved from doing charitable acts which were later transformed into business social responsibility and performance for the good of the community that it serves. Accordingly, Carroll (2008) claimed that, “CSR take shape in 1950s”.² This was the period where business enterprises started to think of ‘profit maximizing management’ phase in the development of social responsibility³ which led to the formation of ‘trusteeship management phase’⁴. These phases were described by Hay & Gray (1974) as the point where “corporate managers took the responsibility for both maximizing stockholder wealth and creating and maintaining an equitable balance among other competing claims, such as claims from customers, employees and the community”. Likewise, Frederick (2006) summarized that, there were three core ideas in the 1950s: the idea of corporate managers as public trustees, the idea of balancing competing claims to corporate resources, and the acceptance of philanthropy as a manifestation of business support of good causes.

From then on the definition of CSR according to Carroll (2006) has “proliferated” in 1960s, and “accelerated” in 1970. It has transformed and expanded its dimensions from economic to social concerns e.g., enterprises’ response to environmental issues and various programs to serve the stakeholders as well as the community needs and interests. Eventually, it also became the popular lead agenda of government

¹ As cited by Georgescu, Gabriela (2016) Patterns of Corporate Social Responsibility in the Philippines: A case Study of Japanese Companies Operating in the Philippines, A Master’s dissertation submitted to Osaka Jogakuin University Graduate School of International Collaboration and Coexistence in the 21st Century, Master’s Course, Retrieved from: <http://ir-lib.wilmina.ac.jp/dspace/bitstream/10775/3171/1/814001-Gabriela%20Georgescu.pdf> on 12/12/2019.

² Carroll (2008), A History of Corporate Social Responsibility: Concepts and Practices. Retrieved from: https://www.researchgate.net/publication/282746355_A_History_of_Corporate_Social_Responsibility_Concepts_and_Practices/link/561b229708ae044edbb210a1/

³ Hay and Gray (1974) as cited in Carroll (2008), A History of Corporate Social Responsibility: Concepts and Practices. Retrieved from: https://www.researchgate.net/publication/282746355_A_History_of_Corporate_Social_Responsibility_Concepts_and_Practices/link/561b229708ae044edbb210a1/

⁴ Hay and Gray (1974) as cited in Carroll (2008), A History of Corporate Social Responsibility: Concepts and Practices. Retrieved from: https://www.researchgate.net/publication/282746355_A_History_of_Corporate_Social_Responsibility_Concepts_and_Practices/link/561b229708ae044edbb210a1/

agencies (GAs), non-governmental organizations (NGOs) and peoples' organizations. (POs).

3.2. The ILO and EU Initiatives and Programs to Strengthen RBCs and CSR

ILO defines CSR “as a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise driven initiative and refers to activities that are considered to exceed compliance with the law”.⁵

Similarly, the European Union (EU) defined CSR as “the responsibility of enterprises for their impact on society”. CSR should be company led. Public authorities can play a supporting role through a smart mix of voluntary policy measures and where necessary complementary regulation. Companies can become socially responsible by: a) following the law; and b) integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations.⁶

As early as 1977, the Governing Body of ILO has adopted the Tripartite Declaration of Principles. Same policy was finally developed and came to be known as the 5th edition of 2017. The principles laid down in the declaration offer guidelines to multinational enterprises, governments, and employers; and workers/ organizations in such areas as employment, training, conditions of work and life, and industrial relations. This guidance is founded substantially on principles contained in international labour Conventions and Recommendations. The ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up,⁷ which is universally recognized as essential for realizing the objective of decent work for all.

⁵ Source: ILO (2018) The ILO and Corporate Social Responsibility (CSR) – ILO Helpdesk Factsheet No. 1. Retrieved from: https://www.ilo.org/empent/Publications/WCMS_116336/lang--en/index.htm on 12/20/2019.

⁶ Source: European Union (n.d.) Corporate Social Responsibility (CSR), *Internal Market, Industry, Entrepreneurship and SMEs*. Retrieved from: https://ec.europa.eu/growth/industry/sustainability/corporate-social-responsibility_en on 14/12/2019.

⁷ ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up Adopted by the International Labour Conference at its Eighty-sixth Session, Geneva, 18 June 1998 (Annex revised 15 June 2010). Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_467653.pdf

Integrating the MNE Declaration of Policy (See Annex 1) and the OECD Due Diligence Guidance⁸ for strengthening RBCs, the concerned enterprises were given working guidelines. As further postulated by ILO, “The continued prominent role of MNEs in the process of social and economic globalization renders the application of the principles of the declaration important and necessary in the context of foreign direct investment and trade, and the use of global supply chains. The parties concerned have the opportunity to use the principles of the Declaration as guidelines for enhancing the positive social and labour effects of the operations and governance of MNE to achieve decent work for all, a universal goal recognized in the 2030 Agenda for Sustainable Development. These guidelines can also be used in developing partnerships to address many of the challenges which neither governments nor companies can address on their own, including the multi-stakeholder partnerships and international cooperation initiatives”.⁹

Thus, the General Conference of the ILO, having met at Geneva in its 105th session, 2016 have adapted the ILO Resolution concerning decent work in global supply chains.¹⁰ Among other provisions, the conference have ascertained that, “There is a concern that current ILO standards may not be fit for purpose to achieve decent work in global supply chains. Therefore, ILO should review this issue and convene, as appropriate, by decision of the Governing Body, a technical; tripartite meeting or a meeting of experts to: (a) assess the failures which lead to work decent work deficits in global supply chains; (b) identify the salient challenges of governance to achieve decent work in global supply chains and (c) consider what guidance, programmes, measures, initiatives or standards are needed to promote decent work and and/or reducing decent work deficits in global supply chains.”¹¹

⁸OECD (2018) OECD Due Diligence Guidance for Responsible Business Conduct. Retrieved from: <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

⁹ ILO (2017) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Retrieved from https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf on 08/12/2019.

¹⁰ ILO (2016) Resolution concerning decent work in global supply chains. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_497555.pdf on 07/12/2020.

¹¹ ILO (2016) General Conference Resolution concerning decent work in global supply chains, Geneva in its 105th Session. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_497555.pdf

3.3 The Formation of RBC and CSR in the Philippine Setting

CSR in the Philippines started as philanthropic undertakings by civic, social and religious organizations. According to the Asian Institute of Management (AIM), “Philanthropy has been a tradition in the Philippines, where individual giving and volunteerism are acknowledged to be “hidden forces” in the social and economic life of Filipinos. Its practice is particularly prevalent within and across families and kinship groups, and in church-related organizations or social welfare agencies...”¹² Furthermore, AIM also cited that, “the notion of philanthropy and concern for humanity form part of the Asian psyche. In the Philippines, mutual aid is manifested in rural traditional communities. For example, the spirit of “*bayanihan*” (a Philippine tradition which entails ‘brotherhood’) is exemplified in the lending of mutual assistance. It is rooted in a deep sense of mutual respect”.¹³

The dimensions of philanthropic undertakings expanded as it evolved from one company to another. RBC and CSR has emerged from simple to a broader dimension. More and more enterprises committed to form CSR and eventually included plans to integrate programs that will protect the workers’ rights and interest and in the long run lead to the promotion of decent work. The Philippine Business for Social Progress (PBSP) promoted CSR which proposes that the long-term sustainability of business is best served when profitability and growth are attained alongside the development of communities, the protection, and sustainability of the environment and the improvement of the people’s quality life.¹⁴ Corollary to these

¹² Velasco (1996), as cited by AIM, RVR Center for Corporate Responsibility, Corporate Social Responsibility in the APEC Region: Current Status and Implications (Corporate Social Responsibility in the Philippines). Retrieved from publication.apec.org/2005/12/TOC/Philippines.pdf on 11/12/2019.

¹³ As cited by Asian Institute of Management (n.d.), Velasco, G. (1996) Corporate Philanthropy in APEC Region: The Philippine Case. Retrieved from: https://www.google.com/search?q=Asian+Institute+of+management+Csr+with+velasco+cited&rlz=1C1CHBD_enPH880PH880&oq=As&aqs=chrome.0.69i59l3j69i57j0j69i60l3.2966j0j7&sourceid=chrome&ie=UTF-8 and .Velasco G. (2003) Corporate Philanthropy in Asia: The Philippine Case: An Overview of East and Southeast Asian Philanthropy, Retrieved from: <https://www.semanticscholar.org/paper/Corporate-Philanthropy-in-Asia-%3A-The-Philippine-%3A-Velasco/89e2bf2947afb08e05adb933b2914153ea08a8a8>

¹⁴ As cited by Georgescu, Gabriela (2016) Patterns of Corporate Social Responsibility in the Philippines: A case Study of Japanese Companies Operating in the Philippines, A Master’s dissertation submitted to Osaka Jogakuin University Graduate School of International Collaboration and Coexistence in the 21st Century, Master’s Course, Retrieved from: <http://ir-lib.wilmina.ac.jp/dspace/bitstream/10775/3171/1/814001-Gabriela%20Georgescu.pdf> on 12/12/2019.

developments, the conglomeration of Employers Federation of the Philippines (ECOP), Federation of Free Workers (FFW) and Danish Trade Union Council for International Development Cooperation (Ulandsskretariatet) launched a project (2016-2019) focused on the promotion of CSR among companies entitled Principles-based, Inclusive and Business Sustainable CSR Approach in the Philippines.¹⁵

Most importantly, the concept of doing service for others, extending assistance or helping those who are in need is embedded in the cultural heritage of the Filipinos. The *Bayanihan system*¹⁶ is a culture that must be tapped for CSR to flourish. However, there must be a shift from traditional practice like thrust of “dole outs, or donations and grants to a perspective that will address the needs of the stakeholders to include the agenda for decent work side by side with business sustainability and social upgrading at the bottom line.

3.4. Integrating RBC with Value Chain Management and Promotion of Decent Work Agenda

The value chain approach become very popular not only among academicians but more so with the practitioners in the business sector. It did not remain as a theoretical construct but served as an approach in analyzing the various phases and operational aspects of a business enterprise to rule out obstacles and challenges that must be addressed.

The definition of value chain has evolved depending on the nature of application and context of environment. It is described with a common denominator, e.g. all processes and activities from production to consumption. As defined by Kaplinsky & Morris (2002), a “value chain” describes the full range of activities that required to bring a product or service from conception, through the intermediary phases of production (involving a combination of physical transformation and the input of

¹⁵ ECOP (2016-2019) Promotion of A Principle-based Inclusive and Business Sustainable Corporate Social Responsibility Approach in the Philippines. Retrieved from: <https://ecop.org.ph/project/promotion-of-a-principle-based-inclusive-and-business-sustainable-corporate-social-responsibility-csr-approach-in-the-philippines/>

¹⁶ An old tradition where participants pool their resources, labour and expertise to accomplish a certain task or activity for a household, farm, or community.

various producer services, delivery to final consumers, and final disposal after use”.¹⁷ In addition, Gereffi and Fernandez-Stark (2016) discussed that, “value chain includes activities such as research and development (R&D), design, production, marketing, distribution and support to the final consumer and that activities that comprise a value chain can be contained within a single firm or divided among different firms”¹⁸

As pointed out by UNESCO (n.d.) that among the multiple application of a value chain analysis, a few uses that may not be obvious are: value chain analysis can (a) help to ensure sustainability and scale. (b) helps improving the understanding of key actors and their role in the chain, (c) helps to identify market opportunities and how to overcome multiple gaps and chain constraints, and (d) chain analysis case studies can also demonstrate models that can be scaled, replicated or propagate in other cultural and creative industry sectors.¹⁹

Accordingly, ILO (2015) highlighted that, the term value chain is more often used with a developmental connotation, addressing productivity, growth and job creation. It does not take a particular enterprise, and its needs and interests, as its starting point, but considers the process of bringing products and services to markets as a complex system, in which all market actors have a role to play.²⁰ As such, value chain analysis can be used as a tool for identifying bottlenecks and work deficits by examining the role that every key player is performing in each node, and by looking at the expected output, availability of materials, acceptability of rules and policies, enterprise structure, labor conditions, and enabling environment.

ILO also highlighted that value chain analysis can be a tool for promoting decent work agenda. Results of the analysis can be used as a guide for resolving problems at the

¹⁷ As cited by FaBe, et. al. (2009), Value Chain Analysis Methodologies in the Context of Environment and Trade Research Retrieved from:

<https://www.econstor.eu/bitstream/10419/37104/1/609241915.pdf> on 21/12/2019.

¹⁸ As cited in ILO (2019) Decent work in global supply chains: An internal research review. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_723274.pdf

¹⁹ UNESCO, (n.d.) Center for the Cultural Diversity of Expressions, Introduction to Value Chain. Retrieved from: <https://en.unesco.org/creativity/sites/creativity/files/digital-library/Introduction%20to%20Value%20Chain.pdf> on 01/03/2000.

²⁰ ILO (2016) How to create employment and improve working conditions in targeted sectors, 2nd edition. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifpseed/documents/instructionalmaterial/wcms_434363.pdf on 11/20/2019.

firm and industry level. ILO (2015) further discussed the drivers of change that prompt value chain development. It is suggested that, for useful application as a tool for analysis, the five drivers of change should also be considered: (a) system efficiency, (b) product quality, (c) product differentiation, (d) social and environmental standards, and enabling business environment.²¹ Thus, value chain is now equated with decent work promotion.

As defined by ILO (1999), decent work is 'productive work for women and men in conditions of freedom, equity, security and human dignity'.²² It refers to opportunities for work that are productive and deliver a fair income; provide security in the workplace and social protection for workers and their families; offer better prospects for personal development and encourage social integration; give people the freedom to express their concerns, to organize and to participate in decisions that affect their lives; and guarantee equal opportunities and equal treatment for all.²³

Kortelainen (2008) also claimed that, the increased interest in labour conditions of global supply chains has driven companies to integrate corporate social responsibility (CSR) into supply chain management (SCM) practices. It was also highlighted that SCM and supplier management are key areas for the success of global companies. Differences among competitor value chains are a key source of competitive advantage (Porter: 1998). Christopher, (1998) highlighted that, companies are investing in SCM and collaboration since competitive advantage is increasingly a function of supply chain efficiency and effectiveness, and it will be apparent that the greater the collaboration, the greater the likelihood that an advantage can be gained. The author discussed that competitive advantage can be achieved via streamlined operations and procedures, optimizing the capabilities of each supplier in the chain and reduced inventories and costs. Collaboration capabilities of a supplier network

²¹ ILO (2016) How to create employment and improve working conditions in targeted sectors, 2nd edition. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/instructionalmaterial/wcms_434363.pdf on 11/20/2019.

²² As Cited by ILO (2016) How to create employment and improve working conditions in targeted sectors, 2nd edition. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/instructionalmaterial/wcms_434363.pdf on 11/20/2019.

²³ ILO (2016) How to create employment and improve working conditions in targeted sectors, 2nd edition. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/instructionalmaterial/wcms_434363.pdf on 11/20/2019.

are strengthened by supplier management practices which include supplier selection, contracting, supplier assessments, development and relationship management. Thus, these practices can be used to promote CSR as well.²⁴ Since value chain and SCM deal with labor aspects and deficits, then crafting of CSR can be a resolution for labor system deficits which is directly linked with the promotion of decent work.

3. Designing the Conceptual Framework Based on Initial Scanning of the Environment

As defined by Kaplinsky & Morris (2003) a value chain “describes the full range of activities that are required to bring a product or service from conception, through the intermediary phases of production and delivery to final consumers, and final disposal after use”.²⁵ Thus, the design of the conceptual framework will walk through the different channels from sourcing of the means of production (raw materials, supply of labor, provision of land, research and development) and production processes which includes planting, fruit caring, packing, labelling, shipping. The marketing, distribution and consumption processes cannot be tackled since the produce are exported to other Asian countries and these specific channels of value chain are done by other parties outside of the country.

Growing bananas in Davao Region is a very complex system. It is confronted with problems and challenges, related to sourcing of lands and raw materials, management of workers, searching for the most appropriate technology, gaining competitive advantage, meeting the expectations of the market, adherence with labor laws and standards equated with the promotion of decent work and in the long run – economic and social upgrading.

Figure 1 is an Initial mapping of the banana industry in Davao Region based on exposures and observations, scanning of the environment and review of secondary materials relevant to the study. This was drawn before the inception of the research

²⁴ Kortelainen, Ketty (2008), Global Supply Chains and Social Requirements: Case Studies of Labour Condition Auditing in the People’s Republic of China, Business Strategy and the Environmental Business Strategy 17,

²⁵ Cited in ILO (2016) Value Chain Development for Decent Work: How to create employment and improve working conditions in targeted sectors, Second edition. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifpseed/documents/instructionalmaterial/wcms_434363.pdf

undertaking as a prelude to the crafting of the final research proposal. It serves as an illustration of the landscape of Cavendish banana production. It was designed to identify the major players, the workers and their organizations, the MNEs and private enterprises to include the ARB's cooperatives, the facilitating civic and non-profit organizations with the government agencies as the lead facilitators and coordinators. The supporting functions as well as the laws, standards and rules governing the industry are also indicated to show the linkages and interconnections with the various channel in the value chain. It identifies all the major concerns confronted by the industry which affects all key players. As a whole, it shows the various channels from the production to consumption.

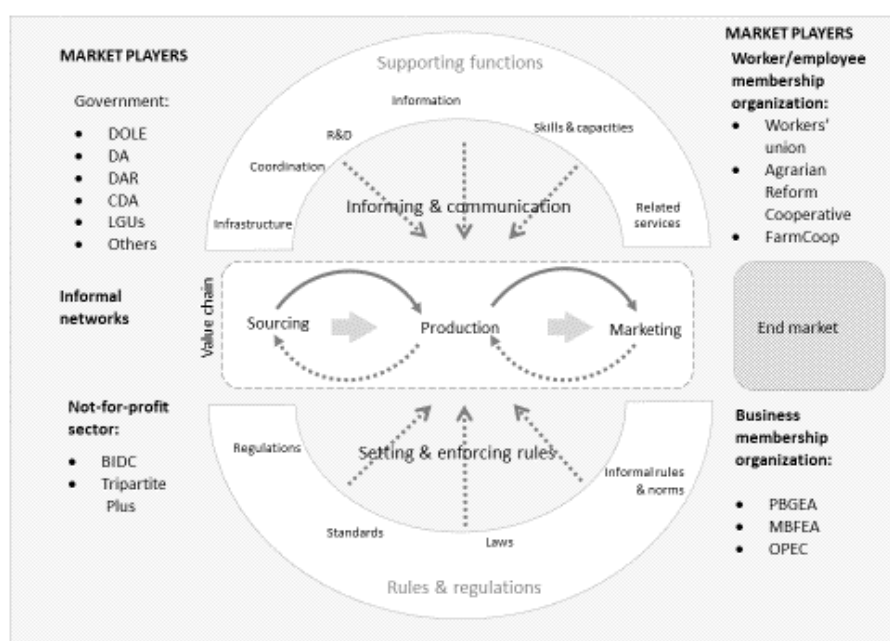
Figure 1: The Rich Picture of the Cavendish Banana Industry in Davao Region (An Adaptation of the Rich Picture Model (Checkland: 1999)



The value chain model as illustrated in Figure 2 (Preliminary Value Chains of the Banana Industry in Davao Region) was developed by adapting the conceptual framework provided in the ILO's Value Chain Development for Decent Work (2016). It identifies all the major market players in the entire production system. Under the government sector are the various agencies mandated to govern the operations of the various entities and organizations in the value chain. The lead agencies includes:

the Department of Labor and Employment (DOLE), Department of Agriculture (DA), Cooperative Development Authority (CDA), Department of Agrarian Reform (DAR), Local Government Units (LGUs). Other agencies included in the sector are the Department of Science and Technology (DOST), Land Bank of the Philippines (LBP), Department of Environment and Natural Resources (DENR) and government entities mandated to assist in the implementation of the Comprehensive Agrarian Reform Program (CARP).

Figure 2: Value Chain of the Cavendish Banana
in Davao Region: Key Players and Processes
(Based On Initial Observations and Exposure of the Researcher)



Note: An adaptation of the conceptual framework of the ILO's Value Chain Development for Decent Work (2016).

Under the worker/employee membership sector, the key players are the workers' union and organization, agrarian reform cooperative (ARC), and the cooperative federation. The ARC and cooperative federation were organized in response to the mandate of the Comprehensive Agrarian Reform Law (CARL) whose operations must adhere to the provisions of the Cooperative Code of the Philippines (Coop Code) and CARP.

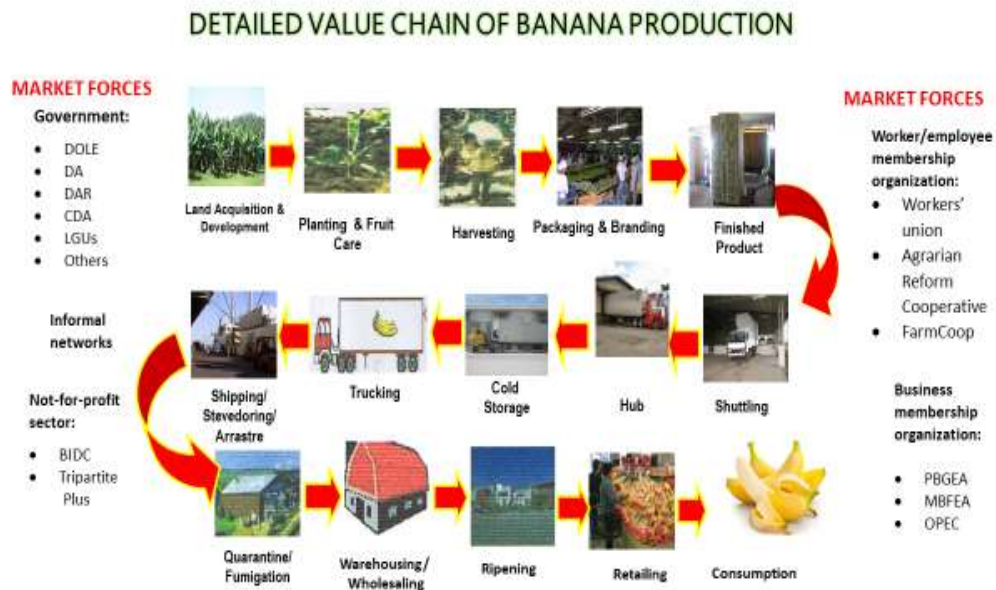
The not for profit sector includes the Banana Industry Development Council (BIDC), organized and facilitated by the LGUs where the banana plantation are located. The

membership of this formation was also extended to the business membership organization of the banana growers, e.g., Pilipino Banana Growers and Exporters Association (PBGEA) and Mindanao Banana Farmers and Exporters Association (MBFEA). Tripartite Plus assembly also form part of the business membership sector, an assembly of major players in the labor relations system of banana production. It is a collaborative formation facilitated and coordinated by DOLE aimed at resolving conflicts and addressing concerns affecting the banana industry.

The business membership sector includes three organizations. PBGEA, a non-stock corporation that serves as the central coordinating agency of big players engaged in the Cavendish banana industry. Its main function is to serve as the self-regulatory forum for the big players to “ensure compliance to international quality standards, continued competitiveness in the global market, to undertake and promote research for technological innovations, and to look after the welfare of all those involved in the industry”. MBFEA, Inc. is an association composed of small to medium-sized Cavendish banana farmers and exporters who are not members or in contract with any Multi National Enterprise (MNE). It is aimed to “implement healthy environment programs and good agricultural practices, in accordance with the world export standards”. MBFEA, Inc. is geared towards meeting the new market challenges in the spirit of fair competition among all players. Another organization under this sector is the Producer and Exporter Corporation (OPEC), a business corporation organized by Foundation for Agrarian Reform Cooperatives in Mindanao Inc. (FarmCoop) to serve as the marketing arm in selling/exporting the organically upland grown bananas to other countries. It is also a business venture tasked to engaged in the processing and marketing of banana by-products and in-charge of managing the product diversification plans of FarmCoop and its member cooperatives.

As required by the TOR, the study shall construct a value chain where the decent work deficits are analyzed along with productivity bottlenecks and competitiveness challenges. Thus, Figure 4 was conceptualized to depict the work deficits and the challenges met by the ARBs, company workers and its organizations and other hired workers at various processes within the value chain.

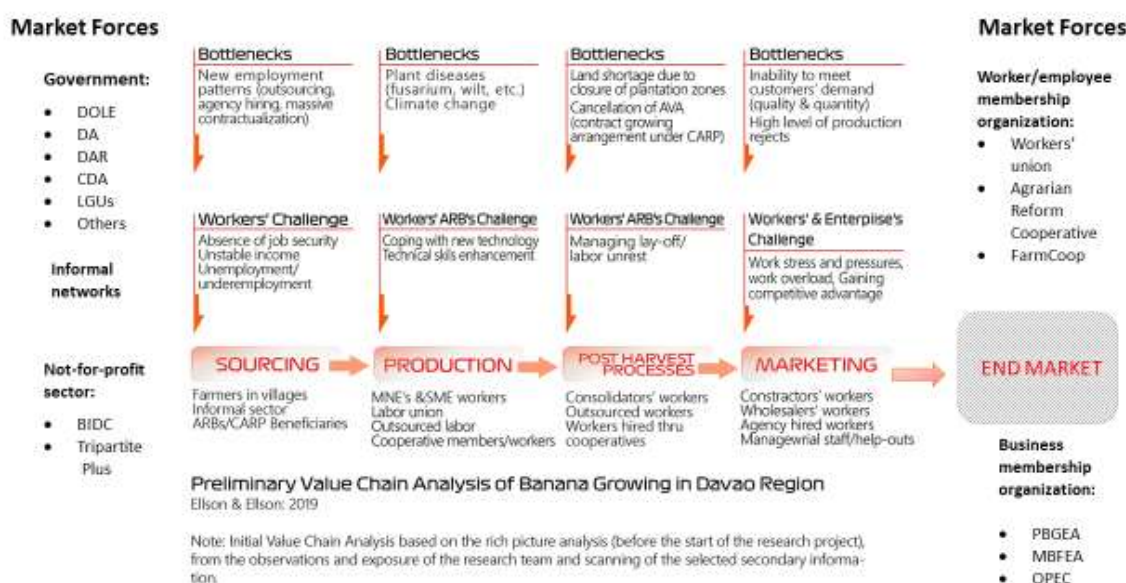
Figure 3: Detailed Value Chain of Banana Production in Mindanao
(Based on observation and exposure of the researcher)



Note: An adaptation of the conceptual framework of the ILO's Value Chain Development for Decent Work (2016).

Figure 3 illustrates the process flow of various segments in the value chain. It starts from land acquisition and development, followed by planting and fruit care, harvesting, which are done at the plantation site. The segment of packaging and branding is normally done at the vicinity of the buyer as well as shuttling, cold storage, and trucking for delivery to the shipping point. The transfer from company site to stevedoring is done under contract arrangement with another party. Warehousing, ripening, wholesale up to retailing is done by another party outside of the country. To sum up, there are three major stages signifying the transfer of ownership of the banana, from the grower, then to the buyer (an MNE) and ends with the wholesaler for the growership arrangement before consumption. Under the company-managed plantation and leaseback arrangement, the transfer of ownership is only from the company/MNE to the wholesaler/retailer before it reaches the hands of the final consumer

Figure 4: Preliminary Value Chain Analysis of Banana Growing In Davao Region (Based on initial exposure of the author)



Note: An adaptation of the conceptual framework of the ILO's Value Chain Development for Decent Work (2016).

The labor only contracting which is a prohibition of the Philippine Labor Code (Article 248 [c]) and third party outsourcing/supplying of labor covered by DOLE Order 174, Series of 2017: (Rules Implementing Articles 106 and 109 of the Labor Code, as amended) is a practice that remained in the pipeline from processes involving land preparation, production (planting, fruit care, harvesting) and various post-harvest handling. Such violations are noticeably present in every node the value chain. However, government implementers are quite slow in giving sanctions. Company violators have an easy way out due to legalities and the so called "seasonality of the production processes" which is always the reason for the adaption of new employment patterns that does not conform to labor laws and labor standards.

The total aggregate production level of bananas (See Table 1 for detailed volume and value from 2010 to 2019.) still does not meet the demand of Asian market. It can be observed from Table 1 that there is an upward trend except for the years 2015 and 2016. The increase in production from 2017 to 2019 was brought about by the expansion and developing new plantation sites all over Mindanao. Though the total export reaches 4,403.50 ('000 mt.) with an estimated value of US\$ 1,953.84M for 2019, all producers still target for higher quantity and quality of production, The

expansion of plantation areas has created job opportunities for the unskilled labor available in local communities but hired under new employment patterns. As such, formation and tapping of pseudo cooperatives, illegal service providers, also called “cabo system”²⁶ became rampant.

Table1: Fresh Banana Exports: Volume and Value - 2010 to 2019
(‘000mt. /US\$ in million)

Year	Volume	Value
2010	1,590.07	319.30
2011	2,055.51	472.38
2012	2,646.12	646.66
2013	3,266.55	962.58
2014	3,630.98	1,129.89
2015	1,795.20	657.87
2016	1,733.84	730.36
2017	2,855.64	1,128.58
2018	3,126.20	1,382.11
2019	4,403.50	1,953.84

Note: Table was derived from PSA reports from 2010 to 2019 on Top Agricultural Exports: Volume and Value. Retrieved from:
<https://psa.gov.ph/content/selected-statistics-agriculture>

PSA (2019) reported that, fresh banana continued to be a major agricultural export commodity in 2018. About 3.13 million metric tons of fresh banana were exported and these amounted to US\$1,382.11Million (Php 72.78 billion). Its volume grew by 9.47 percent while the corresponding value increased by 27.95 percent. Hence, the share of fresh banana exports in the total agricultural export revenue rose to 22.59 percent.²⁷ Total volume of production for 2019 also increased reaching a level of 4,403.50 (‘000 mt. tons) with a value of US\$ 1,953.84 Million.

Table 2 shows that there is an increase in hectarage planted with Cavendish banana from 2016 to 2019. Thus, it is implied that the increase in the volume of production (as reflected in Table 1)was brought about by the increase in plantation areas ranging from .035% to 1.5%. For the period, 2019 to 2020 (January to June), there was a

²⁶ Refers to illegal recruiters of manpower offering low wages, no job security, and absence of benefits mandated by law and labor standards. As such, there is no formal labor-management relations. This approach is prohibited by the Philippine Labor Code.

²⁷ PSA (2019) Agricultural Exports and Imports. Retrieved from:
https://psa.gov.ph/sites/default/files/ais_Agri_exports%20%26%20imports%202019_0.pdf

decrease of 2,498.51 hectares (-2.8% compared to prior year) which could be implied as an effect of abandonment or burning of plantation areas affected by fusarium wilt.

Table 2. Comparison of Area Planted with Cavendish Banana from Year 2016-2020
(In hectares)

Period covered	Year 1	Year 2	% change
2016-2017	85,775	87,032	1.5%
2017-2018	87,045	87,918	1.0%
2018-2019	87,918	87,950.50	.035%
2019-2020*	87,950.50	85,451.99	-2.8%

* Only for the period January to June 2020

Note: Table was derived from PSA reports from 2016 to 2020 (January to June)
On Area Planted for Selected Crops. Retrieved from: Top Agricultural
Exports: Volume and Value. Retrieved from:
<https://psa.gov.ph/content/selected-statistics-agriculture>

PSA reported that for the first quarter (2020), banana production was recorded at 2.06 million metric tons. It was 2.4 lower than the 2.11 million metric tons production registered during the same period of 2019. However, Davao Region still garnered the highest share to the total production of banana at 36.7 percent, with Cavendish bananas' highest output of 1.16 million metric tons equal to 56.2% of the total banana production.

For the 2nd quarter (PSA: 2020), total country's banana production was 2.23 million metric tons. This was 1.3 percent lower than the 2.26 million metric tons recorded in the same period of 2019. More than half or 52.8 percent of the produced banana was Cavendish variety. Davao Region remained the top producer of banana which contributed 39.2 percent to the total production. The reduction of banana production for the 1st and 2nd quarter of 2020 can be implied that, among other factors, Fusarium wilt (TR4) contributed to the result. However, exact figures cannot be extracted due to variances in the presentation of data and that there was no direct explanation why the production decreased.

A salient feature of the Cavendish banana growing in Davao Region (also with the rest of plantation areas in Mindanao) is the presence of agrarian reform beneficiaries (ARBs) as the major player in the growership system. Majority of the plantations in

the region are covered by the Comprehensive Agrarian Reform Program (CARP). During the early implementation of CARP, big companies/MNEs are engaged into production contracts, under the Agri-business Venture Arrangements (AVA) as provided for by CARP. However, major bottlenecks occurred in the implementation of AVA which are as follows:

- (a) the presence of “onerous contracts”²⁸ entered into between the ARCs and the MNEs which stipulates among others, fixed buying price for the bananas to last until the duration of the agreement averaging from 3 to 5 years.
- (b) the prohibition that ARCs cannot deal/enter into another contract with other buyers and to remain in partnership with the holding company for the entire duration of the production contract;
- (c) the lack of technical and essential skills to supervise and manage the plantation since the ARBs were trained as workers for a long time;
- (d) the high price of farm inputs supplied by the buying companies/MNEs which also lead to ARBs indebtedness;
- (e) the differing behavior of the ARBs in dealing with issues and concerns affecting the plantation operations.

Another bottleneck identified is the occurrence of climate change and the spread of banana diseases with fusarium wilt/TR4 (also known as panama disease). The infection of Fusarium wilt and climate change created a domino effect to all nodes and key players in the value chain. The disease is a global phenomenon, thus, the treatment for this problem is still being searched by all players worldwide. As such, proactive approach is still experimental (hit or miss results) which entailed high cost of production for conducting research and development and in most cases lead to abandonment of plantation areas. The closure and abandonment of plantation areas led to the cancellation of AVA, massive workers’ lay-off and dismissal. As such, the security of tenure of plantation workers are endangered. Severance pay is quite reasonable for regular/tenured workers only in accordance with the Labor Code provisions or in compliance with the Collective Bargaining Agreement (CBA) if

²⁸ A term coined by ARCs/ARBs for AVA contracts described to be one sided in favor of the holding company/MNE only

organized, but not for the seasonal, outsourced and agency hired workers. Entitlement of these outsourced and itinerant labor force is up to the regular salary of the last days worked, less the agreed percentage deduction with the contractor or agency. In most cases, laid-off or dismissed workers are rotated by the contractor from one company to another with non-recognition of continuity of service.

The abandonment of plantation areas and cancellation of AVA due to infection of fusarium wilt is another contributory factor to the ARBs heavy indebtedness. Plantation areas remained to be idle leaving zero income for the ARB/ARC. Unpaid land amortizations and other ARBs' personal loans mostly with the informal lending parties continue to accrue interest charges and penalties which makes it difficult for the farmers to recover financially. As such, the challenge of meeting the financial requirements of ARBs remained to be unreachable.

The failure of the AVA program implementation both in the individual farming system (IFS) and collective farming system (CFS) by agrarian reform cooperatives (ARCs) led to the cancellation of growership/production contracts. Majority of the ARCs suffered big losses and have no other recourse but to enter into a new arrangement called "leasehold or leaseback" agreements where cultivation and operations of plantation lands were given back to the holding companies/MNEs. Under the leasehold contracts ARBs are paid with fixed yearly land rental for an average duration of 5 years, renewable at the option of the holding company. ARBs (now the land owners) were rehired by the former employer under an arrangement that has no job security, with minimum compensation package and with no employee-employer relationship. Others were tagged as self-employed workers to evade the granting of benefits mandated by labor law. Such terms and conditions were stipulated in the new arrangement which constitute the total failure of the CARP program – "land for the landless to be tilled by owners/farmers themselves". However, the concerned government agencies amended the AVA program, allowing the adaption of "leasehold arrangements" under CARP.

There are also some problems like “pole vaulting,”²⁹ perceived uncontrolled application of chemical pesticides and prolonged working time beyond 12 hours during peak season which mostly occur in the packing plants. Beating the production targets caused stresses and pressure to workers. However, these concerns are not present in the three case studies.

All of these bottlenecks cater to challenges of various level of density within the various nodes in the supply chain. If not resolved, this will lead to greater problems which is low productivity in the short run and possible downfall of the industry in the long term, thus resulting to a failure of the government major program – CARP.

5. Methodology, Scope and Limitation

This research was delivered in two (2) phases and used both primary and secondary qualitative research methods.

5.1 Phase 1: Primary Data Collection

5.1.1 Primary data collection was made through key informant interviews (KII) in Metro Manila with key ILO officials, the tripartite constituents of ILO (DOLE, ECOP, and relevant trade unions), industry associations, lead business organizations, and academic center on RBC/CSR. Instead of key informant interviews for the case studies, small group discussions and semi-structured interviews with identified companies were conducted at companies’ plant sites.

In analyzing the key players in the Cavendish banana industry, four (4) cases with unique programs and experiences were worth documenting:

- The role of a local private company, Tagum Agricultural Development Co., Inc. (TADECO) in the value chain in pursuing RBC and CSR representing a big local grower that has adapted

²⁹ Refers to an activity of the under contract small banana growers who sells harvested bananas to the “spot market buyers” that usually offer higher purchase price.

an innovative approach in contract growing systems under leaseback arrangements of the Comprehensive Agrarian Reform Program (CARP).

- The case of FarmCoop which represents the agrarian reform beneficiaries (ARBs) of CARP and its role in changing the landscape of banana growing through contract growing system (CGS) and agricultural venture agreement (AVA); It also showcases the formation of a new business venture with the Organic Producers and Exporters Corporation (OPEC) to explore other opportunities offered by the new global arrangements (direct exportation of agricultural produce to other Asian countries), which has created a new market and improved the supply chain management of the industry.
- The case of Unifruitti Philippines Incorporated, representing the MNE sector to showcase an innovative pattern of dealing with the small farmers/growers, its partner unions and the community where the enterprise operates; and
- The case of Banana Chips Factory which represents the sector of banana by-product processors to highlight the need for appropriate technology of processing new products from the wastage of the production processes.

5.1.2 Group discussions were done with selected players in the industry. Workshop and discussion guides were constructed for the key informant Interviews (KII), and small group discussions (SGDs). (See Annex 5) Discussions and interviews were recorded with permission from the participants. However, not all key informants agreed to record the proceedings.

5.1.3 Secondary research

Documents, academic publications, and statistics relevant to the study were compiled and analyzed to provide the complete picture or background of what had been done in the past in the area of interest. It also reviewed the result of the two prior researches

done by ILO, 1) The Nature of Work in Agro-food Value Chains: Social Upgrading in the Philippines' pineapple production; and 2) Trade and Value Chains in Employment-Rich Activities (TRAVERA): An Analysis of Selected Non-traditional Coconut Products in the Philippines.

5.2 Phase 2: Field interviews and report writing

The snowball technique was used in identifying company key informant interviewees (KII) in each of four major channels in the value chain. . Farmers, input suppliers and exporters were interviewed. Triangulation was made between key players in the value chain. A focus group discussion (FGD) was done to supplement the KIIs. A discussion guide was developed for use of the facilitators. Some discussions recorded on audio and photo/video with consent of the participants. The analyses were based on the objectives of the research undertaking.

5.3. Scope and limitation

- 5.3.1 The main sources of information are the small and focus group discussion and key informants' interviews. There was no survey questionnaire implemented, thus, quantitative information cannot be divulged.
- 5.3.2 Supply chain processes involving marketing, retailing and Consumption cannot be discussed thoroughly for these activities are done with other parties outside of the country.
- 5.3.3 Discussion on the provisions of AVA contracts, namely, growership, leaseback arrangements and the like is limited since both parties agreed to adhere to the principle of confidentiality of contracts.

6. Discussion of Findings

6.1 An Overview of the Vegetable and Fruit Industry in Mindanao

The Davao Regional Development Plan (DRDP) is anchored on the Philippine Development Plan (PDP), which is an articulation of the plans and programs of the government at a given planning period. The PDP 2017-2022 is the first medium-term plan anchored on the vision of the Filipinos that,

In 2040, we will all enjoy a stable and comfortable lifestyle, secure in the knowledge that we have enough for our daily needs and unexpected expenses, that we can plan and prepare for our own and our children's future. Our family lives together in a place of our own, and we have the freedom to go where we desire, protected and enabled by a clean, efficient and fair government” (Executive Order No. 05, series of 2016).

The Davao Regional Development Plan identified long-standing challenges that hamper the development of the agriculture, forestry and fisheries (AFF) sector in the Philippines. These issues include inadequate logistics and infrastructure support for the agriculture sector; inadequate delivery of services; inadequate capacity to cope with climate change risks; unsustainable fishery practices; contamination of river water for irrigation; issues on land use and tenure; and inadequate market linkages.

To address these long-standing challenges, the Philippine Development Plan identifies the existing crop lands and the potential expansion areas where there will be an application of six broad strategies, namely: 1) improved competitiveness and quality of products; 2) harnessed export market opportunities; 3) rehabilitated marine and fishery resources; 4) increased access to financing; and 5) increased access to technology.

The holders/farm operators in the Davao Region reported 338 thousand holdings/farms, covering 576 thousand hectares in 2012. Compared with the 1980 data, the number of holdings/farms in 2012 increased by 80 percent as the area of holdings/farms decreased by 23 percent. Consequently, the average holding/farm area decreased from 4.0 hectares in 1980 to 1.7 hectares in 2012. (PSA: 2017)³⁰

³⁰ PSA (2017) Highlights Davao Region. Retrieved from:
https://psa.gov.ph/sites/default/files/CAF2012Agri_Reg11.pdf on 07/07/2020

The land conversion scheme was also observed in the agri-business system. Due to land conversion, there is an increase on the number holdings/farms in Davao Region. This could be attributed to 1) land conversion among family members from one generation to another; 2) the government's implementation of the Comprehensive Agrarian Reform program since 1998 and Comprehensive Agrarian Reform Program Extension with Reforms since 2009; and 3) continued agricultural land conversion due to urban development or expansion (PSA, 2018).

About half of the total holdings/farms (154 thousand) reported in the Davao Region in 2012 had sizes of less than 1.0 hectare. Thirty-eight percent (129 thousand holdings/farms) were estimated between 1.0 hectare and 2.9 hectares. Another 17 percent (56 thousand holdings/farms) were reported to be at least 3.0 hectares. (PSA: 2017)³¹

More than half (54%) of the total holdings/farm parcels in Davao Region were planted with permanent crops while about 23% were planted with temporary crops. The remaining 22% were used as home lots and 1% for other purposes. The major temporary crops planted in Davao Region, or crops with less than one-year growing cycle, include banana, corn, cassava, sweet potato, rice and eggplant. Majority of the temporary crops are grown in Davao del Sur, while majority of the permanent crops are grown in Davao del Norte (PSA, 2012).

About half of the total holdings/farms (154 thousand) reported in the Davao Region in 2012 had sizes of less than 1.0 hectare. Thirty-eight percent (129 thousand holdings/farms) were estimated between 1.0 hectare and 2.9 hectares. Another 17 percent (56 thousand holdings/farms) were reported to be at least 3.0 hectares (PSA: 06/2017)³² Census of Agriculture and Fisheries.

³¹ PSA (2017) Highlights Davao Region: . Retrieved from:
https://psa.gov.ph/sites/default/files/CAF2012Agri_Reg11.pdf on 07/07/2020

³¹ PSA (2017) Highlights Davao Region: Retrieved from:
https://psa.gov.ph/sites/default/files/CAF2012Agri_Reg11.pdf on 07/07/2020

³² PSA (06/2917) Census of Agriculture and Fisheries. Retrieved from:
https://psa.gov.ph/sites/default/files/CAF2012Agri_Reg11.pdf on 20/07/2020.

PSA (2017) recounted that, the economic performance of the Philippines' country's agriculture sector can be monitored through the year on-year growth of Gross Value Added (GVA) and/or Gross Domestic Product (GDP). PSA (2019)³³ reported the following results:

- The total GDP in 2019 for agriculture, forestry and fishing amounted to 1,722,211 million pesos while GVA totaled 900,785 million pesos.
- The country's earnings from agricultural exports, which accounted for 8.83 percent of the total exports revenue, declined by 7.02 percent in 2018.

The performance of the vegetable industry is included in the total GDP reported. Contribution to the earnings from agricultural exports of vegetable is minimal since the rate of exportation of vegetable is very low. PSA (August, 2019)³⁴ reported that, most of the other reference agricultural commodities recorded a share of less than 0.1 percent of the country's exports earnings from agricultural products. Increased volume and value of exports were reported for sweet potato, cassava, cabbage, papaya and watermelon. In contrast, declining exportations both volume and value were observed in onion, mongo beans, cocoa beans and garlic.

On Employment, it was reported that in 2018, a total of 43.46 million persons were in the country's labor force, of which 94.7 percent were employed. The agriculture sector employed 10.00 million persons and it represented a share of 24.30 percent to the national employment data. Consequently, wage rate in agriculture in 2017 was recorded at Php 280.37/per day (nominal wage) and equal to Php 251.45 in terms of real wage (PSA: 2019)³⁵. As such, poverty prevailed among agricultural workers. Similarly, Tadem (2015) cited that, "of the country's poor households, 61 percent are in the agricultural and fishery sectors and poverty incidence is highest among farmers

³³ PSA (05.2019) Selected Statistics on Agriculture. Retrieved from:

<https://psa.gov.ph/sites/default/files/Selected%20Statistics%20on%20Agriculture%202019.pdf>

³⁴ PSA (2019) Agricultural Exports and Imports. Retrieved from:

https://psa.gov.ph/sites/default/files/ais_Agri_exports%20%26%20imports%202019_0.pdf

³⁵ PSA (2019) Selected Statistics 2019. Retrieved from: <https://psa.gov.ph/sites/default/files/Selected%20Statistics%20on%20Agriculture%202019.pdf> on 07/07/2020.

at 41 percent and fisherfolk at 37 percent compared to the national poverty incidence of 27 percent”.³⁶

Majority of small farmers in vegetable growing as mostly self-employed working in their small farms of half hectare or less, with the family members are co-workers. Income will depend on the volume of harvest and in most cases, not recorded. Some workers who do not own land for farming are serving as “help-outs” or “jornal”³⁷ The minimum wage rates set by government agencies proved that majority of the small farmers and farm workers are living beyond the poverty line. In the same manner, since the employment of the help-outs are temporary in nature, these workers are living below subsistence level. As such, decent work is far from reality in the vegetable growing sector.

The fruit and vegetable industry is the favorite topic of academic researchers, particularly Mindanao cases. It is simply because, Mindanao is tagged to be the “fruit and vegetable basket” in the country. Studies have shown that there are many concerns identified coming from all channels in the value chain, from sourcing of inputs, to production, to marketing. It is noticeable that bulk of the concerns are focused on marketing and retailing channels to include: farm to market roads, packaging and post-harvest processes, adoption of the appropriate technology, and sustainability of farm production.

Vegetable farmers in the Philippines sell only to wholesalers in urban markets and to traders and consolidators making the supply chain of vegetable growing in Mindanao very simple. Lately, there are some opportunities facilitated by the government and NGOs in terms of training and development for smallholder producers to promote improvement in the efficiency of production and doing retailing activities. Improvements in the production may be implemented to ensure that smallholder producers can produce better quality vegetables and can become more competitive. The increasing retail prices, on the other hand, suggests opportunities for farmers to do retail activities themselves. However, smallholder farmers may have

³⁶ Tadem, E. (2015) The Agrarian Reform in the 21st Century. Retrieved from: https://www.iss.nl/sites/corporate/files/CMCP_D2-Tadem.pdf on 03/15/2020.

³⁷ On call casual workers residing on the nearby areas of farms who are paid daily, piece work, or per lot.

to organize a group to share risks among members and take advantage of economies of scale.

High Value Crops Development Program (HVCDP: 2016) mentioned that in 2006, the United Nations Development Programme (UNDP) reported that the vegetable industry in the Philippines contributes 30% to total agricultural production and a major component of Gross Domestic Product (GDP). Vegetable production is based on highland and lowland cropping in the wet and dry season.³⁸ However, one of the important challenges to the vegetable industry in the Philippines is to develop a production system that adequately meets the need for year-round production of safe and high-quality goods. It is difficult to meet this need with conventional field production of crops because of high rainfall, which makes vegetable production difficult and leads to fluctuations in supply and prices of the commodities in the market.

The vegetable industry is also affected by social, demographic and cultural barriers. The Food and Agriculture Organization of the United Nations (n.d.) also reported the social and cultural barriers to agricultural change. These include the farmers' respect for their tradition, their belief in their own culture, pride and dignity, relative values, and their responsibilities and social obligations. According to FAO (n.d.), many agricultural societies have very high respect for their tradition and when new farming methods and innovations are introduced, rural farmers in developing countries take it with suspicion. In such situation, the objectives of extension workers are often misunderstood in farming communities. FAO (n.d.) highlighted that such attitudes explain the behaviors of farmers who seem to agree to the new methods and/or innovation but are not prepared to put them in practice. Most farmers also take pride and dignity in their farming systems and techniques which they have practiced for decades, which is one of the reasons why they are not receptive to changes.

³⁸ As cited in HVCDP (2016) Vegetable Commodity Profile. Retrieved from: http://bpi.da.gov.ph/bpi/images/PDF_file/Vegetables%20Elements%20Paper%202016.pdf

Another major factor that invades the industry is the reality about ageing farmers. The same is true with ARBs, where average age is from 65 to 80, but remained enveloped with poverty. The proportion of older workers in the agriculture sector, or those aged 25 years and older, increased from 2008 to 2015. However, the proportion of younger workers, or those aged 15-24 years old, decreased in the same time period. These results are consistent with the long-term trends in farming, wherein mean age has increased from 46 years old in 1966 to 59 years old in 2006 (Briones, 2017). The study of Elauria (2015) further showed that the average age of farmers in the Philippines is at 57 years and average level of education is primary. Studies show that ageing farmers is common in developing countries, wherein younger workers opt for non-farm occupations (Moya et. al. (2015) as cited in Briones (2017). Studies also show that older farmers are more resistant to change than younger farmers.

The changes in climatic conditions impact vegetable production and product quality. A study conducted by Bisbis, Gruda and Blanke (2018) proved that vegetable production is affected by climate change due to the shifting in carbon dioxide levels and shifting in precipitation patterns and temperature condition. Results showed that these factors reduce fruit set of fruiting vegetables, and impaired product quality thereby reducing yield and increasing food waste. These results were validated by a recent study of Parajuli, Thoma and Matlock (2019) which showed that the potential risks of climate change includes decline in productivity and quality of fruits and vegetables, thereby affecting the supply chain.

The political and legal forces play a vital role in the industry. These include discussion on local governance, HVCDP of the Department of Agriculture, Organic Agriculture Act and the implementation of Good Agricultural Practices. These specific programs are included in the insights of the Department of Agriculture, Support in the Organizational Development and Human Resource Development (DA: 2019) contained the following developments:

- In 2014, Davao Region, through the Regional Development Council started the developing the priority Industry Clusters in the Region, 9 of which (Banana, Mango, Cacao, Durian, Abaca, Seaweeds, Bangus, Livestock and Poultry, and Rice).

- The RDC through the secretariat of National Economic Development Agency (NEDA Region XI) in partnership with the implementing agencies regularly conducts monitoring and appraisal for the progress of the government- initiated programs in the agri-business sector.
- The formation of different commodity councils increased in number.
- Upgrading of those which are already formed have strengthen the representation of the commodity councils for an intensified support from different government agencies.
- The councils serve as an effective avenue for sectoral partnership between the private sector and the government agencies and triggers the harmonization of the inter-agency and sectoral program.

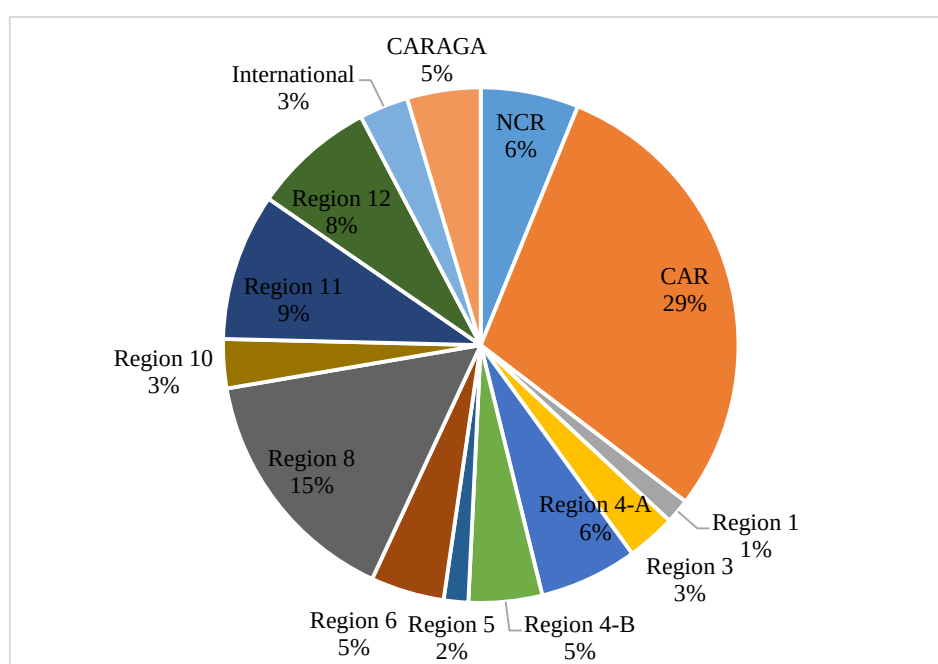
Republic Act 9160 or an act providing for a local government code of 1991 stipulates the devolution of funds, power and authority to local government units to perform specific functions and responsibilities. As such, City and Municipal Mayors appoint city officials who are coterminous to their three-year term as city and municipal mayors. The appointed officials include unit heads or directors of the City or Municipal Agriculture Office, who implements programs of the national government.

The idea behind decentralization was to implement a strategy that is led by local government units with support from the national government agencies. However, the local government units lacked absorptive capacities. Thus, budget and manpower are limited and many local government units depend on the support from the Department of Agriculture. While the local government code of 1991 brings agricultural extension services closer to the users and provide opportunities for local governments to provide interventions to the farm sector in their areas, several issues have emerged. One of these is the lack of capabilities and manpower of local governments to implement extension services in their respective areas. These agricultural extension workers assist on improving crop production within its scope of coverage, not only for vegetables but for all agricultural crops.

The industry is guided by the provisions contained in the Organic Agriculture Act of 2010 or RA 10068, which provides for the development and promotion of organic agriculture in the Philippines. This law provides that only third-party certification is allowed to be labelled as organically grown produce. There are only

two third-party certifying bodies in the country– the Organic Certification Center of the Philippines (OCCP) and the Negros Island Certification Services (NICERT). The Participatory Guarantee System (PGS), which is less tedious and less costly compared to NICERT and OCCP certifications, is not recognized in the Philippines as a certifying body. Participatory Guarantee System is recognized by the International Federation of Organic Agriculture Movement (IFOAM), an international umbrella of organic agriculture associations around the world. In the Philippines, one cannot claim that the product is organic unless certified by either the Philippines OCCP or NICERT. The certification coming from the Department of Agriculture is still in the stage of structuring, though there some issuances awarded with selected agri-business organizations lately. However the process of certification entails a tedious process and a long-wait for the farmers and its organizations.

Figure 5: Percentage distribution of certified organic operators, 2018
Source: Bureau of Agriculture and Fisheries Resources (2018)



As of September 2018, there are only 65 certified organic operators in the Philippines, wherein 80% of these operators are certified by OCCP while 20% are certified by NICERT. (Refer to Figure 5.) These include operators who manufacture and sell organic fertilizers, pesticide, coconut, vegetables, fruits, perennial crops, root crops

and coffee, among others. Of the 65 certified organic operators, majority are from the Cordillera Administrative Region while six operators (or 9%) come from the Davao Region as shown in Figure 6: Percentage distribution of certified organic operators.

In Davao Region, the certified organic operators are producers of organic insecticide (Aktiv Multi Trading Inc.); organic fertilizer (Dori Bangkas Import and Export); vegetables (Organic Producer and Exporter Association, Lao Integrated Farms Inc., and DMI Medical Supply); and vegetable seeds and fruit seedlings (Bureau of Plant Industry – National Crop Research and Development Center, Davao). The last to apply for certification was FarmCoop from Japan's certification agency and from the Department of Agriculture. Both application was processed and certification was granted after a long tedious process.

While there have been government efforts in promoting organic agriculture, there are still few farmers who are adopting organic farming practices. Among the issues that constrain the adoption of organic agriculture are lower quality of produce; high cost of certification; and no price premium in selling organic produce. There were also issues raised that despite stringent requirements for organic agriculture certification, the organically grown products in the country are not yet recognized in the international market. There are also no accredited sources of organic planting materials in the country. In addition, there is a very long process in procuring certification. Only the organized farmers and cooperatives can afford to underdo the tedious process of certification. The customer behavior is also a deterrent factor. Buyers will still opt the non-organic grown vegetables for its low price and abundance and accessibility of the public markets.

The adoption of good agricultural practices is another target of the industry. Republic Act 10611 or an act to strengthen the food safety regulatory system in the country to protect consumer health and facilitate market access of local foods and food products, defines Good Agricultural Practices (GAP) as the practices that address environmental, economic and social sustainability for on-farm processes, and which result in safe and quality food and nonfood agricultural products.

6.2 Summarizing the Problems and Prospects of the Vegetable Industry

The fruits and vegetables sub-sector show great dynamism despite lack of government support compared to other sub-sectors within agricultural system. To further realize the potential of the fruits and vegetables sector, one promising instrument is investment in research and development (R&D). The government is the primary source of funding for agricultural research and development efforts due to the “public good” character of such kind of research. However, the Philippines lags behind its neighbors in Asia in terms of agricultural research investment. Moreover, current R&D investments are skewed towards traditional commodities.

The study of Australian Centre for International Agricultural Research and Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development (ACIAR-PCAARRD) assessed the prospective impact at the industry level of fruits and vegetables R&D using their horticulture project as case study. An economic surplus model running on a spreadsheet was used to evaluate measures of project worth for R&D investment.

Application of the model shows the high social returns from raising investments in horticulture R&D. This assessment was made as part of a systematic process of evaluating the impacts of clustering vegetable farmers in the southern Philippines. Program theory was used to map the impacts. The performance of cluster and non-cluster farmers was compared. Farmers’ performance before and after clustering was also examined. The study found that on the average, cluster farmers had higher incomes than non-cluster farmers. Moreover, farmers increased their income by about 47% after clustering. Examining the returns on investment in the research project, it was found that the net present value (NPV) was 35.3 million pesos, the internal rate of return (IRR) 48.6% and the benefit-cost ratio (BCR) 2.47. When spillover effects were considered at a 5% adoption rate, the NPV, IRR and BCR increased to 106.9 million pesos, 81.5% and 3.8, respectively.³⁹

³⁹ ACIAR-PCAARRD move to intensify fruits and veggies value chain programs. Retrieved from: <http://www.pcaarrd.dost.gov.ph/home/portal/index.php/quick-information-dispatch/2123-aciarrd-move-to-intensify-fruits-and-veggies-value-chain-programs> on 12/12/201

Smallholder fruit and vegetable farmers in the southern Philippines face many barriers in maximizing profits and being competitive in the marketplace. The production barriers that prevent many smallholder crops achieving maximum yields and quality include soil and nutrition issues, damaging weather conditions, pests and diseases, and postharvest losses. There are also constraints such as agricultural policies, local infrastructure, access to markets and market information, and access to finance and extension services. These challenges disrupt supply chains and threaten Filipino farmers' livelihoods, making the fruit and vegetable industry less competitive and sustainable.

The growership system in the vegetable industry is done by small farmers, mostly involving the family as labor force. There are instances of getting hired labour (popularly known as help-outs or jornal)⁴⁰ if there is a big volume of production or in the land preparation. As such, there is no formal employment patterns, mostly informal. Payment of wages are normally based on "pakyaw system" (pricing per lot or job order) or per volume of harvest. Since there is no formal employment arrangement, there is zero possibility of organizing farmers union. What is viable and visible to date is clustering and formation of farmers' council and farmers' cooperatives.

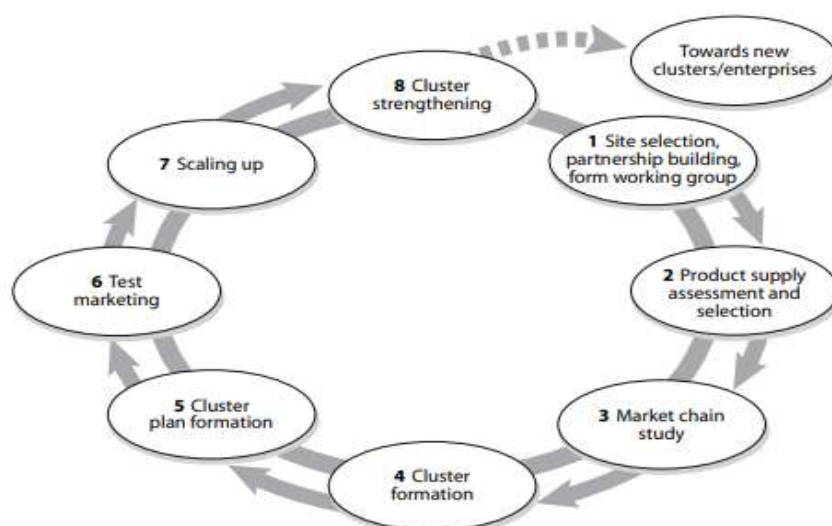
The study of Rola-Rubzen, et. al. (2013) indicated that there is a viability of organizing the farmers and workers in vegetable growing. . The Clustering model as illustrated in Figure 6:, can be used as a guide for forming and organizing the workers in the vegetable industry. The study of ACIAR team has revealed a positive result. As such, the clustering is a recommended model of organizing small farmers. The said approach could also serve as a venue for crafting and formation of RBC and CSR program that will be beneficial to all the key players in the vegetable industry value chain.

Another recorded initiative of the Department of Agriculture at the regional level is the formation of a structure called Vegetable Industry Council of Southern Mindanao

⁴⁰ On call hired labor, usually on a seasonal basis, paid on a daily basis either piece rate or per lot where in most cases, below the mandated wage rate.

(VICSMIN). The process of clustering was also applied in this undertaking. This can be counted as an RBC facilitated by DA and some Local Government Units (LGUs) which served as a venue for discussing common concerns on vegetable growing from sourcing of farm inputs to marketing aspect, The formation also gained recognition from the members of academic institutions in the area and some researchers from the academe participated in selected activities. The organization is still active until now and recruitment of new members is in process.

Figure 6: Eight-step Process of the Clustering Approach to Agro-enterprise Development: An Action Learning Process
(Source: CRS-Philippines 2007)



Based on the review of selected literature in vegetable growing, there is no formal employee-employer relationship. The industry is saturated with small farmers/growers, where the production process involves unpaid family household workers (housewives and children of the lead farmer). As such, the prohibition on child labor and unequal treatment for women is not enforced. This is a concern that must be addressed by concern authorities.

The case study done by Rola-Rubzen, et. al. (2013) have shown the viability of clustering or grouping of farmers (Detailed process is shown in Figure 6.) Clustering has increased the farmers' income. It has also created a venue for pooling of resources, exchange of technology and information, sharing of experience and improved marketing strategies. Thus, it can be concluded that since tripartism *per*

se is quite remote to occur, formation of RBC/CSR must be initially be done through clustering with the facilitation of government agencies.

In some areas of Mindanao (Davao Regions, Cagayan de Oro), where the center of vegetable trading is located, clustering was facilitated by DA and LGUs and have shown improvement in the production processes and in relationship among farmers. The formation of cooperatives among growers is also seen to be another potential breeding ground for crafting RBC and CSR that will protect the interest and welfare of the agri-business small farmers/growers. The formation of farmers' cooperative is gaining the attention of LGUs with the establishment of Cooperative Desk while formation of cooperative federation is being initiated at the provincial level in some regions.

6.3 An Overview of the Cavendish Banana Industry

Banana, pineapple and mango are the major fruit export commodities of the country both in fresh and processed forms. Banana is the number one fruit commodity in the Philippines both in production and hectarage. The industry is divided into two distinct sectors namely those for the domestic market and those for the export market. For the former, the cultivars being grown are 'Lakeland', 'Latundan', "Bungulan" and 'Saba'/'Cardaba', while for the latter, it is the Cavendish-type cultivars ('Umalag', 'Grand Nain', 'Giant Cavendish', Dwarf Cavendish', etc.). Furthermore, banana for the domestic market are grown throughout the country in small farms under minimal care while for the export market, large integrated farms are concentrated in Mindanao (specifically Davao Region), Big plantations are operated by MNEs and family-owned enterprises tapping the ARCs and ARBs as partners under growership or leaseback arrangement. The place is the best breeding ground for bananas since typhoons/strong winds seldom occur and bananas are grown under intensive cultivation. Harvesting occurs throughout the year with yields either within or exceed the global standards.

Table 3: Banana Area, Planted/Harvested from 2007 to 2019 ('000 has.)

Year	Planted/Harvested	Year	Planted/Harvested
2007	436.18	2014	442.6
2008	438.6	2015	443.4
2009	446.4	2016	442.9
2010	449.4	2017	446.8
2011	450.1	2018	447.9
2012	454.3	2019	449.0
2013	446.0		

Note: Table was derived from the recorded data of PSA on crops area planted/harvested for the years 2007 to 2019. Retrieved from: <https://psa.gov.ph/content/selected-statistics-agriculture>

As shown in Table 2, areas planted with bananas have increased from 436.18 ('000 has.) in 2007 to 449.0 ('000 has.) in 2019. The increase in land area was brought about by the issuance by Former Pres. Gloria Arroyo of Executive Order No. 807 (2009) voiding the long-standing Letter of Instruction No. 58 (1973) issued by former President Ferdinand Marcos which then set the allowable area for commercial banana plantation at 27,000 hectares only. The implementation of CARL through CARP was also considered as factor that increased the banana areas. Another contributory factor was the rampant conversion of rice and coconut plantation to banana plantation.

Table 4: Banana Volume and Value of Production for the years 2010 to 2019, ('000 mt. /million pesos, at current prices)

Year	Volume	Value
2010	9,101.3	106,485.7
2011	9,165.0	102,556.9
2012	9,226.8	107,584.1
2013	8,646.4	117,158.9
2014	8,884.9	130,696.3
2015	9,983.9	136,349.8
2016	8,903.7	147,445.0
2017	9,166.3	147,646.4
2018	9,358.8	147,682.4
2019	9,157.7	158,836.4

Note: Table was derived from extracting the data from PSA record on crops volume and value of production for the years 2010 to 2019. Retrieved from: <https://psa.gov.ph/content/selected-statistics-agriculture>

FAO accounted that bananas rank as a leading crop in world agricultural production and trade, with Ecuador as the top producer/exporter. It was also highlighted that, “precise figures on total global banana production are difficult to obtain as banana cultivation is often conducted by smallholder farmers and traded in the informal sector, which is often untraceable”.⁴¹ FAO estimates showed that between 2000 and 2017, global production of bananas grew at a compound annual rate of 3.2 percent, reaching a record of 114 million tons in 2017, up from around 67 million tons in 2000. Other large exporters includes the Philippines with 13 percent volume share between 2010 and 2016), Costa Rica (13 percent), Guatemala (12 percent)⁴²

Table 5: Fresh Banana Exports: Volume and Value by Country of Destination (2017) (Volume and Value ('000mt, FOB in million US\$)

	Volume			Value			% Share (value)		
Country of destination	2017	2018	2019	2017	2018	2019	2017	2018	2019
Japan	821.39	944.76	1,404.23	390.71	485.22	716.61	34.62	35.11	36.7
China, People's Republic of China	745.64	1,165.88	1,603.17	288.97	496.23	666.82	25.60	35.90	34.1
Korea, Republic of South	376.66	387.99	547.94	176.56	192.24	259.57	15.64	13.91	13.3
United Arab Emirates	284.06	195.63	191.80	95.16	61.34	67.38	8.43	4.44	3.4
Iran	322.06	162.60	189.48	78.55	47.77	58.53	6.96	3.46	3.0
Others	305.81	269.35	466.87	98.63	99.31	184.93	8.74	7.19	9.5

Note: Extracted from PSA reports for 2017, 2018 and 2019 on Top Agricultural Exports: Volume and Value. Retrieved from: <https://psa.gov.ph/content/selected-statistics-agriculture>

Table 5 shows that Japan and China has an increasing purchases in terms of volume, value and percentage share from 2017 to 2019. Japan marked its highest import in 2019 with a volume 1,404.23 mt. and value of US\$ 716.61. However, on the average, China ranked as the highest importer for the same periods with the peak record of 1,603.17 mt. in volume with a value of US\$ 666.82. The Republic of south Korea maintained its rank as top 3 in terms of volume, value and rate of percentage.

⁴¹ FAO Banana Facts and Figures. Retrieved from: http://www.fao.org/economic/est/est-commodities/bananas/bananafacts/en/#.Xz8_j8gzbMU on 07/31/2020

⁴² FAO Banana Facts and Figures. Retrieved from: http://www.fao.org/economic/est/est-commodities/bananas/bananafacts/en/#.Xz8_j8gzbMU on 07/31/2020

China is the 2nd major destination of the aggregate exports of PBGEA member companies. PBGEA's records showed that, it is the destination of about 25% of their total exports each year. It is also the number 1 market of non- PBGEA members, independent growers and cooperatives. Since 2010, it does not impose any tariff. However, trading with China is enveloped by issues and challenges related to compliance with the market set standards. However, other destinations continue to charge tariffs (South Korea and others) despite continuing request.

One of the major issues related to the negative behavior exhibited by some workers is the threat and perceived fear of acquiring diseases caused by continuous exposure to chemical pesticides and fertilizers. Corollary to this issue, Fairtrade denounces that the “economic benefit of the intensification of productions in the banana industry through the expansion of farms and use of more modern input technologies was at the expense of the environment”⁴³.

Following are the discussions of DOLE (2019)⁴⁴ related to the use of chemical pesticides and fertilizers:

- Banana plantations rank second to rice where agricultural chemicals are used extensively. A large majority of these plantations are aerially sprayed with a variety of chemicals (insecticides, fungicides, herbicides, molluscides, nematodes and other such compounds) to ensure high quality fruits, maximize profit and minimize labor cost.
- Fluazinam is a protectant fungicide, that is neither systemic nor Curative. It acts by inhibiting the germination of spores and the development of infection structures. As per FPA, Fluazinam locally known as Omega EW45 is a registered pesticide product with DA-FPA and is used to control of post-harvest diseases of banana and pineapple.
- Fluazinam locally known as Omega is the pesticide in question here that is used in the post-harvest operation of the three plantations. As alleged by a labor federation, exposure to the said chemicals causes various effects on exposed workers ranging from skin irritation, difficulty of breathing and in Union to request for an OSH Investigation. Significant quantities of

⁴³Fairtrade, Philippine Cavendish Banana Value Chain: Exploring Potential for Fair Trade Certification. Retrieved from: <https://www.fairtradenapp.org/wp-content/uploads/2018/05/Cavendish-Banana-Fairtrade-Extended-Summary.pdf> on 05/01/20

⁴⁴ DOLE Report on Use of Pesticide

bananas are lost between harvest and consumption. In order to reduce these losses, post-harvest technologies which delay senescence, occurrence of fruit diseases and which maintain quality must be applied.

- The Cavendish bananas are cut from the bunch, washed, drained, graded and packed as hands into 13 kg cartons. Bananas are graded into extra-large, large and medium sizes. The companies cited the measures they undertake to resolve the concern through the post-harvest handling which includes actions such as washing, cleaning, sorting, packing, cooling, storing of raw agricultural products, and pest management. These actions can be performed in handling facilities.

DOLE further reported on the findings related to occupational Safety and Health Standards Compliance:

“The pesticide in question, fluozinam, with a brand name Omega, is approved and registered with FPA. However, upon inspection, it was noted that pesticides are not labelled properly nor Safety Data Sheets posted in the workplace. There is no Safety Practitioner to oversee the implementation of the OSH Program of the company. The absence of a trained First-Aider was also noted during the OSH Investigation. No accurate and complete medical record was presented during the inspection. The stock of first-aid medicine was noted to be inappropriate. Safety signage was conspicuously absent in the premises. The number of fire extinguisher in the premises is inadequate. No safety orientation was conducted by the company for its workers nor certificate of training in handling chemicals for their applicators. The Safety and Health Committee of the company does not meet regularly to tackle health and safety issue. Non-submission of administrative report on safety and health was confirmed by the team as the company failed to submit proof of submission. Noise control measures, proper ventilation and use of appropriate PPE remains wanting. Availability of welfare facilities as emergency treatment room/clinic, drinking and shower are not available for use of the workers.”

DOLE concluded that, chemicals as pesticides whether registered to FPA or not is inherently hazardous. Thus, establishments handling chemicals must observe due diligence in implementing their Pesticides Control Program. Whether the allegations in the letter are true or not, the team based their recommendations on their findings. Below are the suggested interventions which companies may adopt:

- Improvement of medical surveillance of the company
- Immediate hiring of a safety practitioner and OH personnel (OH Nurse) as this will help answer for the other deficiencies that were noted such as formation of functional OSH committee, proper implementation of safety and health programs, procurement of appropriate PPE, formulation of OSH policies, conduct of accident/illness investigation and improvement of premises.
- Provide trainings for applicators and other workers of the plantation.
- Provide an EC logbook for workers who will become sick or injured in line of their work.
- The company must periodically provide the appropriate equipment, not only to workers doing work in the plantation but also to those involve in post-harvest activity.
- Provision of welfare facilities as clinic, shower rooms and drinking facilities.
- Improve the Engineering Controls as ventilation.

It must be noted that the concerns on the use chemical pesticides did not came out in the interview with the key informants and FGDs regarding the concern for infections or contaminations. Specifically for the TADECO case, the issue of pesticide and fertilizer infections was not highlighted but what was discussed further is the compliance with new issuances on occupational health and safety. There are instances where the plantation workers both in the company managed and ARCs plantations neglect to use the appropriate tools and gears. However, any occurrences of symptoms are early detected and treated under the company health and wellness program. The presence of an occupational health and safety as required by DOLE is strictly followed with the appropriate training program and other supplementary exposures. Same is true in the case of Unifruitti, the company is very much aware of all the precautionary measures and there is strict compliance with the new rules and regulations on occupational health and safety.

In the case of FarmCoop, the perceived threat is totally eliminated. It may be recalled that the former workers (ARBs) formally filed several legal complaints (through the Union, NFL-KMU) on this specific concern. Nothing was legally concluded. It is also one of the major considerations that FarmCoop envisioned a “chemical free” plantation which resulted the shift from “chemically driven banana plantation” to “upland organically grown system” and less application of chemical pesticides at the lowland plantations.

The lifting of government regulation in 2008 that imposed limitation on area (in hectares) that may be devoted to banana growing for exportation expanded the continuing emergence of small banana farmers and exporters. In addition, the awarding of lands to agrarian reform beneficiaries have also contributed to the increase in volume of production. As cited by PSA (2017) about half of the total holdings/farms (154 thousand) reported in the Davao Region in 2012 had sizes of less than 1.0 hectare. Thirty-eight percent (129 thousand holdings/farms) were estimated between 1.0 hectare and 2.9 hectares. Another 17 percent (56 thousand holdings/farms) were reported to be at least 3.0 hectares. (PSA: 2017)⁴⁵

Banana growing in Davao Region has gained recognition in various dimensions. "Banana is the top traded fruit worldwide and the Philippines is one of the major banana exporters and was ranked no. 2 next only to Ecuador in the past decades."⁴⁶ Similarly, "for the second consecutive year, in 2019, the Philippines was the second-largest exporter of Cavendish bananas, with total shipments reaching a record high 4 million tons."⁴⁷ With TADECO as one of the four GLOBALG.A.P. certified producers in the world, it also garnered an award for obtaining the most outstanding results (both in quality and volume) with consistent compliance to GLOBALG.A.P. principles and high commitment to the implementation of good agricultural practices for more than 40 years in banana operations. (TADECO: 2019)

Based on the results of the study of Salvacion et. al. (2019) "Climate change might have limited impact on banana suitability in the country. But the projected changes in rainfall in the future can increase the areas that are favorable for Fusarium wilt occurrence."⁴⁸ The authors estimated that, from 21% under baseline climate condition, favorable areas for Fusarium wilt/TR4 in the Philippines is estimated to increase to 27% covering 91.2% and 28.5% of the country's highly and moderately

⁴⁵ PSA (2017) Census of Agriculture and Fisheries. Retrieved from: https://psa.gov.ph/sites/default/files/CAF2012Agri_Reg11.pdf On 07/07/2020.

⁴⁶ DAR Annual Reports, 2017 & 2018.

⁴⁷ As cited in Fresh Plaza, Philippines still no 2 banana exporter in 2019. Retrieved from: [https://www.freshplaza.com/article/9188087/philippines-still-no-2-banana-exporter-in-2019/#:~:text=For%20the%20second%20consecutive%20year,Agriculture%20Organization%20\(FAO\)%20said.](https://www.freshplaza.com/article/9188087/philippines-still-no-2-banana-exporter-in-2019/#:~:text=For%20the%20second%20consecutive%20year,Agriculture%20Organization%20(FAO)%20said.)

⁴⁸ Salvacion et. al. (2019) Banana suitability and Fusarium wilt distribution in the Philippines under climate change. Retrieved from: <https://link.springer.com/article/10.1007/s41324-019-00239-3>

suitable areas for banana, respectively. It was forecasted that such coverage accounts for approximately 67% of the country's total harvested area for banana.

6.3 Some Insights on the banana global markets: tariff, taxes and challenges

The ASEAN Common Market in 2015 posed a big challenge to provide a safe product at competitive prices. The challenge can only be achieved through the integration of the production and marketing for each fruit species. Furthermore, productivity and/or areas of production should be increased in order to attain the economy of scale to expand and/or open new markets abroad. There is a need to enhance the extension services provided by the different government agencies in order to efficiently transfer new technologies to growers to enhance their production and marketing efficiency. Product standard and safety are major concerns in both domestic and export markets such that application of Good Agricultural Practices (GAPs) should be strongly pursued by the growers as well as its subsequent product certification.

Meeting the requirements of the foreign market is very difficult to achieve. The standards set for the "less chemical banana produce" are; zero ripe, zero bruises, zero stain, zero freckles, perfect fingering and must meet the set minimum residue limit. In the case of "upland organically grown bananas" the same requirements are applied except for the minimum residue limit since the bananas are grown with organic fertilizers derived from natural components. There is also a need for accreditation by the buyer country.

The imposition of tariff and taxes by the importing countries like Japan and South Korea has affected the setting of wages and benefits of the banana workers and small growers. Recently, the Philippine government expressed an appeal for the abolition of tariff imposition to zero level. However, the request remained unanswered. PBGEA argued that reducing, or eliminating the tariff, would keep the Philippines competitive against Japan's and South Korean's other banana suppliers that are exporting to the East Asian country at zero tariff.

Tropical fruits and vegetables have become important products in Japan's market as the Japanese are consuming more tropical fruits and vegetables from other countries. Since consumers are concerned about the health effects of chemical residue in food, it is becoming important for banana exporters to make sure bananas are not contaminated by chemicals, bacteria, mold or insects. This means improving standards in banana production processes, Itagawa (1991). This is reflected in the high demand for "upland organically grown bananas" in the country nowadays.

Corollary to the discussion of Itagawa (1991), Subittawat (2015) concluded that, there are several components to best practices in banana production processes, and each one has its own characteristics. "Banana exports must comply with standard guidelines. The processes required between receiving the harvested bananas and storing them must be carefully followed, as each step involves a critical process to keep quality high, and reduce the risk of bacteria or mold growth. The best processing practices will delay ripening and create high-quality bananas that are delicious and do not ripen too quickly. Facility improvement programs are going to be important since some banana producers' facilities do not meet the standards. Facility improvement will directly benefit exporters by increasing their market share, since their banana exports would be of good quality." These requirements are now being answered by the subjected case studies. TADECO for one, has developed a state of the art packing plants and shipment facilities.

The "upland organically grown bananas" is gaining more recognition and patronage in the Japan market. However, the issue of rejection is higher compared with the "less chemical banana produce". The rejection prompted the cooperative growers to look for ways and means to use the rejects to produce more by-products which could be a source of additional income. Very popular is the processing of the rejects to banana chips. Those that are further rejected for banana chips production are used for feed mills and lately for organic fertilizers. However, these ventures are not enough to recover the cost of production, so FarmCoop is still on the search for further usage of banana rejects that will generate higher returns.

As contained in Unpeeling the Banana Trade (2009), "bananas have become increasingly popular, retail prices have dropped significantly, forcing prices down

across the entire supply chain in a race to the bottom. This pressure inevitably results in lower wages, longer hours and worsening working conditions for many plantation workers who are often paid pittance wages – less than £1 a day in some cases – not enough to provide for their families. They are very often prevented from forming trade unions to protect their rights and improve their situation. The increasing use of casual and sub-contracted labour results in further abuses of workers' rights."⁴⁹

6.4. An Overview of the Philippine Labor Relations System in the Philippines

The labor relations system is tripartite in nature as shown in Figure 5. It is envisioned that there will be an orderly promotion of industrial peace and harmony with the key players in the system: the government as third party neutral, the workers and its unions and other forms of organizations and the enterprise owners as represented by its management staff. However, in reality, as postulated by the Marxist Theory, there exist an inherent conflict due to variations and differences of interest among labor groups and management prerogatives and perspectives.

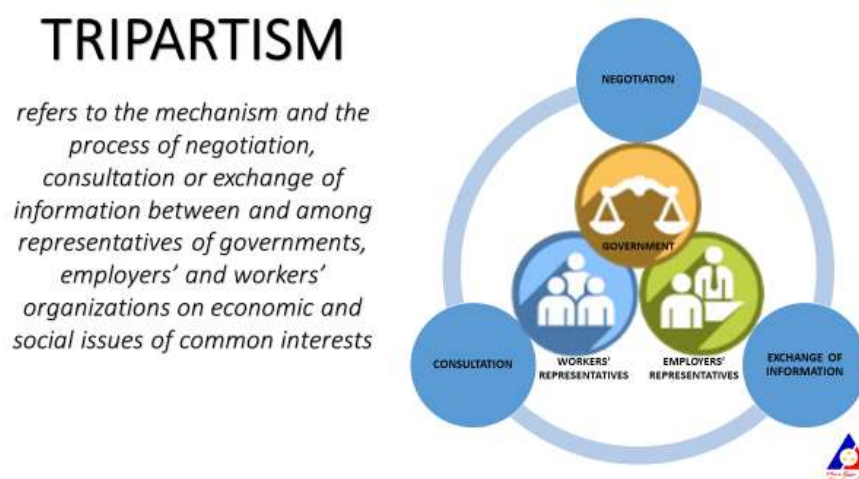
Taking from the writings of Atty. Azucena (2007: Notes on Labor Code), "labor relations refers to the interaction between employer and employees or their representatives and the mechanism which the standards and other terms and conditions of employment are enforced. The government labor relations policy is declared in Art. 300 of the Labor Code which echoes the constitutional mandates. The policy intends to attain social justice through industrial peace and progress. The latter is founded on employee participation and collective interactions between employer and employees."

Figure 5 illustrates the tripartite arrangement where collective bargaining between labor and management representatives is the major mode of settling disputes. The expected output of the process is a collective bargaining agreement (CBA) which contained the agreed provisions on economic, political and other non-wage provisions to include union recognition, grievance machinery system (GMS), labor

⁴⁹ The Trade Fair Foundation , Bananas; Unpeeling of the banana trade. Retrieved from: <https://www.yumpu.com/en/document/view/42125920/bananas-unpeeling-the-banana-trade-the-fairtrade-foundation>

management council (LMC), and other concluding agreement to create a balance between the mandated labor rights and privileges and management prerogatives. Exchange of information, dialogue and consultation supports the process of collective negotiation between and among the major players.

Figure 7: Tripartism in the Philippine Industrial Relations System
Source: Department of Labor and Employment



The Philippine Industrial Relations System is described to be very fragmented/divided and problematic. There two major divisions: the public sector unions and federations composed of workers in the government agencies (national government agencies and local units), state universities and colleges, government owned and controlled corporations and the private sector comprised of labor centers, federations and independent unions. As of March 2019, data from DOLE: BLR ⁵⁰, revealed that there are: 13 Labor Centers, 136 Labor Federations, and 7,590 independent unions. Membership are coming from across industries. There is only one industry wide federation, (Alliance of Filipino Workers-AFWI) but no industry-wide CBA. Every local-member union bargains independently with the respective company management. These major groupings are either aligned or not aligned with a specific political group, from extreme progressives (leftist) to moderate and neutral groups

⁵⁰ BRL: DOLE (as of March 22019) Existing Labor Organizations, Workers' Associations and Collective Bargaining Agreements. Retrieved from: <https://blr.dole.gov.ph/wp-content/uploads/2019/04/EXISTING-LABOR-ORGANIZATION-AND-CBAS-Q1-2019.pdf> on 07/01/2020.

depending on the political directions and perspectives of the leadership and members. This scenario makes the labor sector very divided and fragmented. Nowadays, labor centers are trying hard to merge the sector on consensus building or issue-based unity while respecting the political ideology/alignment of every member. The independent unions are workers' associations who opted not to belong to any specific labor federation. As reported by BLR: DOLE, (as March 2019), there are 394 duly registered Collective Bargaining Agreements (CBAs) covering the independent unions and 577 CBAs coming from the Labor Federations. It is worth noting that these groupings were originally under one big federation. However, as the labor organizations transcend and develop, there arises some differences in perspectives, directions and beliefs which have caused the splits, formation of new federations and birth of more independent unions.

The new global economic arrangement has affected the PIRS. The system is posed with major challenges to enable the workers and its organizations to cope with the changing behavior of both labor and management. The new employment patterns (e.g. casualization, redundancy declaration, downsizing, streamlining, etc.) have threatened the labor force. These new patterns led to undue dismissal, loss of job security, or to some extent, a decline in the unionization of the workers.

On the other hand, the new economy has also threatened both small and big companies. Gaining competitive advantage over other enterprises became a major concern while at the same time addressing social challenges. Responses to these such challenges included the formation of RBC/CSR. This has resulted to a shift from adversarial and conflictual relations to concession bargaining in order to preserve the mere survival of the business enterprise and safeguard job security. Healthy relations and concession bargaining are observable in some organizations where workers unions and management representatives observe peaceful co-existence and partnership.

6.6 Labor Relations, Collective Bargaining and Social Dialogue in the Cavendish Banana Industry

ILO defines social dialogue to include “all types of negotiation, consultation or simply exchange of information between representatives of governments, employers and workers”, and involves “issues of common interest relating to economic and social policy.”⁵¹ ILO conventions that are particularly important for social dialogue include: the Right to Organise and Collective Bargaining Convention, 1949 (No.98), the Tripartite Consultation Convention, 1976 (No.144), and the Collective Bargaining Convention, 1981 (No.154). (No.152); and the Collective Bargaining Recommendation, 1981 (No. 163).⁵²

Similarly, Ishikawa (2003) discussed that, “tripartite social dialogue in economic and social policy-making has a fundamental role to play in furthering democracy, social justice and a productive and competitive economy. The association of all three parties concerned in the design and implementation of economic and social policies facilitates consensus building with a balance between the demands of economic development and social cohesion. It also provides the best possible scenario for the effective and sustainable implementation of the policies concerned, minimising the risk of industrial and social conflict.”⁵³

The CARL and its implementing program of CARP/CARPER is indeed a government policy to promote social justice and equality. However, the enactment of CARL was problematic from the inception stage up to its implementation not only in the banana industry but also in other agri-business industries. As claimed by the ARBs, social justice is difficult to achieve since majority of the framers of the law have biases and vested interest being the owners of land subjected for distribution. As such, consultation and social dialogue was not exhausted in the crafting of the law which resulted to occurrence of conflicts and chaos between the land owners and the claimant farmers/workers.

According to Olney & Rueda (ILO: 2005), “collective bargaining is an important form of social dialogue.” They furthered that,” institutions for social dialogue and collective

⁵¹ ILO, Social Dialogue, Governance, Retrieved from: <https://www.ilo.org/ifpdial/areas-of-work/social-dialogue/lang--en/index.htm>%20%20a

⁵² ILO and Social Tripartism. Retrieved from: <https://www.ilo.org/global/topics/dw4sd/themes/s-dialogue-tripartism/lang--en/index.htm>

⁵³ ILO, Ishikawa, J. (2003) Key Features of National Social Dialogue: a Social Dialogue Resource Book. Retrieved from: actrav-courses.itcilo.org/library>at download.file -pdf

bargaining help protect the fundamental rights of workers, help provide social protection and promote sound industrial relations”.⁵⁴ These concepts of collective bargaining and social dialogue integrate ILO Convention 154 and Recommendation No. 163. These two important instruments acknowledge that information, consultation and negotiation are inter connected.

Olney & Rueda (ILO: 2005) also contended that, “while collective bargaining can often be an adversarial process, it should better be used to build trust between the parties. Olney & Rueda further discussed that, “This trust can be reinforced through dialogue which can continue after bargaining ends. Solutions that are built on trust and enjoy the genuine support of both sides are more likely to be respected. This is due to the sense of participation and ownership inherent in the process. As a result, unnecessary disputes, and disruptions through industrial action, can more easily be prevented.”⁵⁵ Successful negotiation were also recorded involving the subject case studies. However, failures of collective negotiation/bargaining was observed with some big players. Some were concluded with the intervention by DOLE (through mediation, conciliation or mandatory arbitration) or through voluntary arbitration with the facilitation of third party neutral⁵⁶). Some cases were even elevated up to the level of the Supreme Court and yet no agreement was reached due to the defiance of the company to recognize the union and abide with the court rulings. The principles of peaceful negotiation and bargaining were not respected which resulted to labor unrest and workers’ dis-contentment leading to pickets, strikes and lockouts and other para-legal activities which caused damages to both parties and to the industry as well.

Some MNEs and big local companies went beyond collective bargaining and established other means of social dialogue and constructs like Labor Management Council (LMC) to resolve differences not covered by the CBA. Though majority of these enterprises are not fully aware of the provisions of the ILO MNE Declaration, RBC/CSR programs were developed out of the owners’ initiative and wisdom to

⁵⁴ Olney & Rueda (ILO:2005) Convention No. 154 Promoting collective bargaining. Retrieved from <http://library.fes.de/pdf-files/gurn/00349.pdf>

⁵⁵ Olney & Rueda (ILO:2005) Convention No. 154 Promoting collective bargaining. Retrieved from <http://library.fes.de/pdf-files/gurn/00349.pdf>

⁵⁶ Med-arbiters or arbitrators duly accredited by DOLE. Selection/assigning undergo a process of negotiation.

preserve the company while at the same time, establish good relations with their workforce and the community that they serve.

The banana industry in Mindanao area is traditionally characterized by a low rate of unionization. Small players and growers are not organized and wage and non-wage compensation setting purely rely on the decisions of the owners. Small and medium enterprises are mostly not organized while small farmers/growers cultivating an average of 1 hectare or less mostly tapped family members and relatives as plantation workers. For big growers, the low rate of unionization was caused by the adoption of new employment patterns. For the cooperatives, organizing a union is not a practice for the simple reason that the ARBs and their family members are the workers themselves. An ARB has triple identities: owner/worker/manager at the same time. In the event that there is a need for additional workers, “help-outs”⁵⁷ are hired on a temporary/seasonal basis..

Social dialogue is practiced with some selected big enterprises but a very common practice among cooperative growers. ARCs, as governed by the Cooperative Code is both a social and economic enterprise. As such, ARCs must subscribe and put into practice the universally accepted principles of cooperativism. There must be democratic consultation among the members and major decisions must be concluded at the level of the General Assembly.

Fragmentation of the PIRS also exists in the banana industry. With big companies, there are various local unions affiliated with different federations. It is worth citing that some MNEs has 10 - 32 recognized bargaining representatives (based on the initial immersion of the author as a freelance consultant to selected banana companies from 2002 to 2019). There is no single or unified CBA for one enterprise. Each group has its bargaining negotiation and some even does not meet “eye to eye” due to differences in ideological/political alignment. This reality weakened the bargaining power of the unions/federation, thus resulting to a more divisive and adversarial bargaining mode.

⁵⁷ A term coined for additional workers hired by ARBs/ARCs hired on a temporary basis, Hiring occurs during peak seasons to do harvesting and packing. Compensation is based on the mandated minimum wage set for agricultural workers in the region.

It is important to note that there were effective social dialogue in the global banana industry as documented by the World Banana Forum Working Group on Labour Rights:⁵⁸ These undertaking have proven that social dialogue is possible and similar future activities can be patterned from the success of the various concluded agreements.

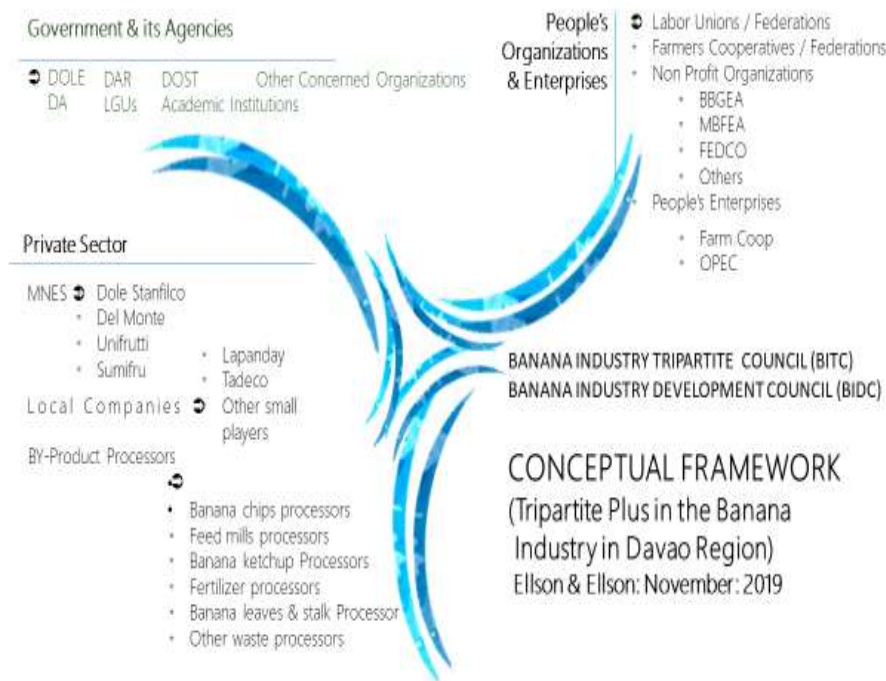
It is worth noting that the DOLE Regional office facilitated the formation of a new structure called Tripartite Plus. It is a convergence of management, industry associations, unions, cooperatives and NGOs representatives formed to craft an agreement that will lead to the promotion of decent work in the industry. The structure is very loose in nature, open to all interested parties and organizations perspectives, ideology and interest are respected. The binding factor is based on what is appropriate and acceptable by all members and grounded on the existing labor relations rules and policies. Consensus building is the binding principle employed in the entire process of negotiation and deliberation. However, some enterprises (through its representatives) refused to affirm the agreement called as the Voluntary Code of Good Practices on Decent Work (See Annex 4 for details and complete provisions.) The change in leadership of the lead government agency and LGUs have contributed to poor monitoring and follow ups on the plans and implementation of the agreement. .

In 2016, the Philippine Exporters Confederation Inc. (Philexport) in Davao Region called on the government to create a Banana Industry Development Council (BIDC) that will “do the planning and handle the overall development” of the banana sector and to identify areas ideal for expansion to meet local and foreign demands, and lead in putting up a research center for the treatment of banana diseases, among other functions”.⁵⁹ The formation is also founded on consensus building and social dialogue. With the presence of these structure, it can be said that social dialogue is present in the industry, however the functioning is not totally maximized and explored.

⁵⁸ FAO (n.d) Collective Bargaining in the Banana Industry, World Banana Forum Good Practices Collection.. Retrieved from: <http://www.fao.org/world-banana-forum/projects/good-practices/collective-bargaining/en/>

⁵⁹ Minda News (September,2016) Biz group pushes for Banana Industry Development Council.

Figure 8. The Expanded Tripartism (Tripartite Plus)
(Based on the exposure and observations of the researcher)



From the gathering of these players in the Cavendish banana industry, a new Tripartite Plus arrangement can be drawn as shown in Figure 8. The formation has expanded its membership and there is no limit and boundaries as to its membership. All players, small or big, all workers and cooperative members are welcome to participate in any of its undertakings. However, as echoed by some key informants, the formation remained inactive and there is a need for monitoring and re-organizing.

6.7 Tripartism and Tripartite Plus: Venues for Honing RBC/ CSR and Promoting Decent work

As defined by the Department of Labor and Employment (Dole),” tripartism refers to the mechanisms and the process of negotiation, consultation or exchange of information between and among representatives of governments, employers’ and workers’ organizations on economic and social issues of common interests.” Thus, tripartism is a consultative process.

The Philippine government adopted tripartism as a state policy by virtue of the following:

- Article XIII, Section 3 (Social Justice and Human Rights) of the Philippine Constitution.
- ILO Convention No. 144 (Tripartite Consultations to Promote the Implementation of International Labour Standards) – Ratified on 10 June 1991
- Article 275 (Tripartism and Tripartite Conferences) of the Labor Code the Philippines, as amended, declares tripartism as a State policy.
- Republic Act No. 10395, An Act Strengthening Tripartism, Amending for the Purpose Article 275 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of The Philippines"

In addition, DOLE promotes the creation of ITCs pursuant to ILO Convention 144 which institutionalizes tripartism by providing a continuing forum for tripartite advisement and consultation empowering workers' and employers organizations, enhancing their respective rights, attaining industrial peace and improving productivity.

The ILO office through the MNE Declaration (See Annex 1) has adopted "appropriate laws and policies, measures and actions, including in the fields of labour administration and labour inspection" directed to both Governments and Enterprises.⁶⁰ Among various provisions, ILO has specifically directed enterprises to:

- carryout "due diligence" taking account of the central role of freedom of association and collective bargaining, industrial relations and social dialogue, (para. 10) and
- consult with government, employers' and workers' organizations ensure that operations are consistent with national development priorities (para. 1).

Furthermore, the same Declaration mandates the Governments, among others, to:

- promote good social practice in accordance with the declaration (para. 2) and
- be prepared to have consultations with other governments whenever the need arises (para. 2)

⁶⁰ As cited in the MNE, for a general description of due diligence, see Guiding Principles on Business and Human Rights Implementing the United Nations "Protect, Respect and Remedy" Framework. Available at https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

Furthermore, specifically on employment, the following provisions, among others, the following are invoked:

- establish and maintain, as appropriate, social protection floors within a strategy to progressively ensure higher levels of social security (para. 22);
- endeavor to increase employment opportunities and standards
- taking the employment policies and objectives of governments into account (para. 18)
- before starting operations, consult the competent authorities and workers' organizations in order to keep employment plans as far as practicable in harmony with national social development policies ((para. 18); and
- use technologies with generate employment both directly and indirectly and take part in the development of appropriate technology and adapt technologies to the needs of and characteristics of the host country (para. 9).

Under the Philippine Constitution, the following provisions are contained:

- Guarantees the right of all workers to participate in policy and decision-making processes affecting their rights and benefits
- Promote the principle of shared responsibility between workers and employers
- State shall regulate the relations between workers and employers, recognizing the right of labor and of enterprises
- Reinforced the application of the principles of tripartism in the country
- Established a mechanism for tripartite consultations to promote the implementation of International Labour Standards
- Regular dialogue between and among the key players: key players: government and its concerned agencies led by DOLE, workers and its representatives, and the owners of the enterprise as represented by the management staff and the owners themselves.
- Regular consultation to highlight issues and concerns confronted by the workers, not only limited to operations but to include the framing of RBCs that are beneficial to the workers themselves and to the bigger community and environment where the company operates.
- Regular exchange of information not limited to company concerns but to include changes and challenges in the global market to make the workers and its representatives adept with current development.

Honing CSR/RBC through social dialogue and other forms of consultation has the mandate of the ILO MNE Declaration, the Constitution and the Labor Law. It could be an undertaking of all the key players where DOLE and other support agencies to jointly facilitate the formation of RBC/CSR in collaboration with labor organizations, cooperatives and enterprise owners. As observed, the recorded RBCs/CSR

programs mostly originated from the management/owners side and the unions and workers as partakers in the implementation. For the ARCs, the formation and implementation of RBC/CSR is innate in compliance with the universally accepted cooperative principles.

DOLE (2018 Annual Report) highlighted that almost all industries have established Tripartite Industrial Peace Councils (TIPCs). Applying the approved structure of TIPC, there is a total of 129 TIPCs, 10 National ITCs and 316 local ITCs spread all over various industries in the country. However, it has been echoed by some key informants that not all formations are fully performing the mandated functions.

Based on the prescribed structure and functions of tripartism, it can be ascertained that the formation is a perfect venue to hone RBC /CSR that will protect the interest and welfare of the workers as well as the sustainability of a business enterprise. However, this opportunity has not been explored fully. One specific agenda of tripartism (though implied) is the crafting, formulation and implementation of RBC/CSR that will further push for the attainment of decent work. It is worth noting that, a total of 81 processed orders and issuances as of July 2019 were concluded under TIPC. (DOLE Annual Report 2018), all of which are results of consultation and social dialogue. Again, the results must be assessed and plans and programs must be monitored

6.8 Promotion of Decent Work in the Agri-Business Sector

The promotion of decent work is an over-arching agenda of ILO and EU. The study of Henry & Chato (ILO, 2019) on pineapple growing in Mindanao approaches the issues of economic and social upgrading from a supply chain perspective to probe whether the presence of economic upgrading is an evidence of social upgrading. The research findings revealed that, “steady economic upgrading within the local supply chains, but evidence of social upgrading is minimal, particularly for growers and contract workers. There instead appears to be segmented and uneven social upgrading at local levels. Working conditions and terms have improved for regular workers with secure jobs, but they remain a small minority of the overall supply chain workforce. In contrast, the vast majority of the workforce are contract labourers and

informal workers, who have seen little improvement, remaining precarious, and poorly remunerated.”⁶¹

The study on the pineapple industry, revealed pessimism in relation to the promotion of decent work for both the ARBs as well as the hired labor in the plantation areas. Majority of the pineapple plantation is being tendered by ARBs and hired labor. The study revealed that the employment in the pineapple industry “has been characterized by increasing numbers of contract labourers and shrinking regular or permanent employees as a share of the workforce”. These group of workers classified as contingent contract labour are covered by informal work arrangements. Contract labour in the MNEs are predominantly supplied by labour service cooperatives.

In addition, the study noted that, “contract labour, supplied by cooperatives and private job contractors, “more than doubled the number of workers in both MNEs. There are also unaccounted informal workers (unpaid family labour and help-outs) in smallholder growership that increases together with plantation expansions through growership or lease contracts. Contract labour is receiving minimum but poverty level wages, insecure, unorganized and with no prospect of upward movement. The unaccounted informal workers, due to the informality of the arrangement, their wages and protection has not been documented nor were they covered by social audits by concerned agencies.” ⁶² These findings put in record that the promotion of decent work is far from reality for the seasonal, contingent, itinerant or agency hired workforce.

The study recommends that, to wit, “government regulations and enterprise-based measures are needed to ensure an even trickle-down and translation of economic upgrading to all types of workers in the pineapple value chains (in terms of wages and social benefits, security of tenure, rights at work, and compliance with labour

⁶¹ Henry & Chato (ILO:2019), Economic and social upgrading in the Philippines’ pineapple supply chain Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_730959.pdf on 07/2020.

⁶² Henry & Chato (ILO:2019), Economic and social upgrading in the Philippines’ pineapple supply chain Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_730959.pdf on 07/2020.

standards). The upgrading should be felt by all workers regardless of whether they are within the direct or indirectly managed operations by MNEs.”

The study also revealed the failure of the implementation of CARP. The non-sustainability and profitability under contract growing arrangement pushed the ARBs to enter into lease back contract as a new form of AVA. The contract agreement is designed for a fixed term with a fixed land rental. In most cases, the rental fee does not suffice the land amortization as well as the basic needs of the farmers and workers. Thus, as contained in the leasehold contract, the ARBs are rehired by the contracting company and classified again as a wage earner and a member of the contract worker again.

The TRAVERA study (Costales: ILO: 2019) indicated a positive prospect of promoting decent work agenda. The study cited that, “The country has a number of laws, rules and regulation on quality of work life and decent jobs. However, implementation is a bottle neck for compliance more particularly for micro- and small enterprises. However, for enterprises that export their products compliance is high since GAP, GMP, HACCP and fair certifications is a requirement. These certifications which are renewed annually requires that good working conditions are maintained in the value chain and fair trade is practiced. The TRAVERA Enterprise survey reported that those who responded compliance to good working conditions and decent jobs are exporters.”⁶³

Finally, the study highlighted that, to wit, “The recommended business model considers vertical integration as a means of tying up together and coordinating the various activities of the value chains. With better control of the VCs’ performance competitiveness and business sustainability are achieved. As the business model are export oriented certifications are a must to comply with GAP, GMP, HACCP and ISO. With these certifications the enterprise ensures that quality working life and decent jobs are enshrined in the operation of the enterprises.”

⁶³ Costales, Cecilio *Trade and Value Chains in Employment Rich Activities (TRAVERA): Analysis of Selected Non-traditional Coconut Products in the Philippines*, 2019. ILO – Manila .

The results of the study on the pineapple growing with MNEs and partner ARCs have some similarities with the study on the Cavendish banana industry. Both involved ARCs and ARBs as major stakeholders, either under growership arrangement or leaseback contracts. The failure of AVA under the growership arrangement of pineapple also occurred in the banana growing. ARCs under collective farming and ARBs under individual farming system have almost the same problems of low returns, low productivity, failure to pay the land amortization, high cost of inputs - all leading to poor farm management. Majority in the banana industry also adapted leaseback contracts with the MNEs and big companies. However, FarmCoop and its members were able to continue the growership arrangement with individual farming system under new contract provisions which are favorable to them with a new partner, UNIFRUITTI. Both industries have shifted to hiring of outsourced and agency supplied workers paid with minimum wages and low compensation package. As such, the promotion of decent work can be achieved among the regular workers only but not for the so – called peripheral workers. In the case of TADECO, the failure of the old agreement under AVA under collective growership system lead to the adaption of leaseback contract with additional provisions. ARCs were awarded both financial and technical assistance to promote sustainability of plantation operations. The former workers (now ARBs) were absorbed back as part of the regular workforce enjoying the same privileges. Both parties were able to forge peaceful co-existence and partnership while other companies fell into the trap of very adversarial relationships.

In the case of TRAVERA, the prospects for penetrating the export market is almost the same as the potential for the “upland organically grown bananas” of FarmCoop.. Both industries through cooperatives and small enterprises can be venues for enhancing decent work agenda if operations will be stable and sustainable. Costales, recommended that all requirements imposed by the export market must be acquired by the enterprises involved in the TRAVERA. Same is true with the growing of “upland organically grown bananas”. However, both are subjected to the long and tedious process of certification and accreditation. Both studies recommend the need for government assistance and support.

6.9 The Agrarian Reform law - from CARP to CARPER: Its Prevalence in the Cavendish Banana Industry

June 30, 2014 was marked as the end of the implementation Republic Act 6657 of 1988 (also known as the Comprehensive Agrarian Reform Law of 1988 {CARL}). It was supplemented by Proclamation 131 (1988) during the administration of Former President Corazon C. Aquino, also known as the Comprehensive Agrarian Reform Program (CARP), which provided for a special fund known as the Agrarian Reform Fund (ARF) in the amount of Php 50 billion pesos to cover the estimated cost of the program for the period 1987-1997. On September 01, 2009, Republic Act 9700, an Act Strengthening CARP, was promulgated with the purpose of extending the acquisition and distribution of all agricultural lands, instituting necessary reforms, amending certain provisions of RA 6657 (CARL) as amended and appropriating funds therefor. This is also known as the CARP Extension with Reforms (CARPER) Law. On 08 December 2006, DAR issued Administrative Order 09, series of 2006, providing for the Revised Rules and Regulations, popularly called Agri-business Venture Arrangement (AVA)⁶⁴ in agrarian reform areas.

Both positive and negative feedback from the different stakeholders were raised. The extension of the CARP, as provided by Republic Act 8522 (popularized as CARPER) for another five years providing for an additional augmentation funds amounting to Php 50 billion for five years (after 2008) have influenced and raised the level of expectation of the key players (government, sponsors, and agrarian reform beneficiaries (farmers)).

The decision of the Supreme Court (GR No. 171101, Nov. 2011) on the case of Hacienda Luisita favoring the ARCs/ARBs have also changed the perception of spectators and key players. But still the dilemma among the government implementers is to prove whether these developments will advance the

⁶⁴ A 58 page administrative order which refers to entrepreneurial collaboration between ARBs and investors to implement an agri-business venture involving lands distributed under CARP. (DAR, AO signed by OIC-SEC. Pangandaman, published on 13 December 2006)

implementation of the agrarian reform program and surpass the achievements of the past government administrations. Until now, the potential claimants are waiting for the finality of court decisions which is indicative of the long wait and complexity of land distribution to the declared and qualified beneficiaries.

With the ending of CARPER last 30 June 2014 and institutionalizing AVA as the last guideline to continue the implementation of CARP, the decision to extend/continue or pass another law is a big question. As announced by the Department of Agrarian Reform (DAR), due to the uncompleted land acquisition and distribution program, House Bill 4296, which extends the land acquisition and distribution until 2016, was certified by President Benigno Aquino (DAR, 2014). However, the extension did not resolve the pressing issues.

The provisions of CARP included big plantations, privately owned and government lands leased to MNEs. As such, the workers, mostly represented by their unions and labor federations took the opportunity to avail of the program. A program that will distribute land for the landless workers/farmers to be tilled and managed by themselves. The implementation of land ownership and its supplemental processes involved the participation of former employers (MNEs and big local companies) who are mostly engaged in banana, pineapple and papaya growing in Mindanao.

CARP/CARPER are meant to resolve a major problem in the society – the skewed and inequitable distribution of land. Vast lands are only held by the few, while majority are landless. As such there is a disparity of the ownership means of production in the country side. However, the provisions of the program are embedded with inherent conflict of interest. The processing of land distribution became a long-wait, Beneficiaries described the transition as a very tedious process, with mounting petitions in courts due to ambiguity of the provisions. The stipulations of AVA were bound to create “onerous contracts” with one sided provision favoring the MNEs and former owners of the land.

Similarly, Tadem (2015) concluded that, ” CARPER was also essentially the result of a compromise between pro and anti-agrarian reform blocs in the Philippine Congress

and also contained provisions inserted by landowner lobbyists that are considered loopholes in the law. The program is further hampered by an ineffectual bureaucracy, rampant land conversions and displacements of peasant communities, incursions of property developers, other rent-seekers, and special economic zones, and the expansion of urbanization into the countryside.”⁶⁵

Tadem (2015) also discussed that, “the basic principles of a genuine, meaningful and sustainable agrarian reform program are enshrined in the long history of agrarian unrest and rural social movements that have punctuated the country’s experience since colonial times”⁶⁶ Table 4 is a matrix showing the major bottlenecks originating from inception to the implementation of the said program particular to the growing of Cavendish bananas.

Under the implementing strategy of CARP (DAR, 1990), the development goals and objectives of the program emphasize the pursuit of certain activities related to institutional support, such as:

- strengthening of collaborative efforts among government agencies and synchronization of their activities in the implementation of the CARP;
- improvement of administrative and technical capabilities at the various structural levels of the implementing agencies;
- enhancement of the service capabilities of concerned agencies through increased provision of facilities and other supplemental support for Institutional Strengthening;
- Institutionalization of grassroots-level participation in the implementation of the program, i.e., farmers’ organizations, cooperatives, non-government organizations, etc. to serve as conduits of support services. and
- Increasing awareness and responsiveness of all sectors in the program.

The call for collaborative effort among the 11 government agencies is an opportunity to be tapped. The goal of pursuing collaborative effort can be expanded to include all stakeholders, not only among the government side. This collaborative governance

⁶⁵ Tadem, E. (2015) The Agrarian Reform in the 21st Century. Retrieved from: https://www.iss.nl/sites/corporate/files/CMCP_D2-Tadem.pdf on 03/15/2020.

⁶⁶ Tadem, E. (2015) The Agrarian Reform in the 21st Century. Retrieved from: https://www.iss.nl/sites/corporate/files/CMCP_D2-Tadem.pdf on 03/15/2020.

approach, once institutionalized should involve all players through social dialogue, e.g. consultation with in depth search for problem resolution.

The implementation of CARP/CARPER is not a smooth sailing process. It has been a never-ending plight of all peasants in the countryside. The evolution of the law that have been passed from the first Philippine Republic in 1899, under Gen. Emilio Aguinaldo up to present time is indicative that the search for a solution to address peasants' unrest is a major agenda that has remained unresolved. The history has proven that there is no single program of the government that can remedy the problem of inequitable distribution of lands.

Table 6 summarizes the bottlenecks and obstacles as well as the challenges encountered by key stakeholders in the adaption of CARP/CARPER. The matrix traverse from the inception period up to implementation of CARP/CARPER. It can be observed that obstacles and challenges must be resolved by all players – government, ARBs and MNEs, and other partners. As the saying goes, “it takes all to tango”. Resolving conflict of interest between and among the players is far from reality with the exception of the chosen 3 cases in this study. Some MNEs blocked the way for union/workers while some are still moving to a peaceful co-existence with their partners in leaseback arrangements. The tripartite plus formation is stand still and the implementation and actions agreed upon in the Voluntary Code of Ethics remained to be unmonitored. Similarly, the implementation of the agreement remained to be seen. The flight of the ARBs and other workers under CARP/CARPER is a protracted struggle. The same goes with the promotion of decent work in the agricultural system.

Table 6. Summary of Bottlenecks and Challenges in Banana Growing in Davao Region

Period/Stages of CARP/CARPER	Bottlenecks/Obstacles	Challenges/Opportunities	Action taken/ Results/Remarks
A) Pre-inception period	1) Inherent conflict of interest among the key stakeholders	1) Crafting the law with less damages & problems and observing the principle of neutrality	1.) 11 government agencies were tasked to support the implementation of the law with DAR as the lead agency 2.) CARL heavily criticized due to “onerous contracts” contained in AVA implementation
B. Implementation phase 1) Filing and processing of applications from qualified beneficiaries	1) Widespread resentment/resistance on the part of the landowners 2) Threats coming from the opposing parties were observed 3) Technicalities, legalities and stringent requirements delayed the awards of land	1) Coping with technicalities and legal issues 2) Searching for support system and allies from both parties 3) Majority of legal cases were elevated to court trials (from the lowest level up to the Supreme Court)	1) Government agencies became aware of the flaws in the law, trying to serve with neutrality 2) The call for collaborative effort was in place, however, not all efforts were effective
2.) Distribution of awards – titles of ownership under CLOA ⁶⁷	1) Addressing the pitfalls in AVA implementation 2) Continuous resentment of some landowners to leave the properties subjected to CARL 3) ARBs lack of essential skills in farm operations	1.) Shifting mindsets from worker to landowners on the part of ARBs to include the formation of agrarian reform cooperative (ARC) 2.) Developing the coping mechanisms to deal with the identified bottlenecks	1.) DAR faced multiple cases in Court 2.) ARBs resulted to undertake both legal and para-legal actions (lobbying in Congress, petitions in court, rallies, boycotts, strikes, etc.)

⁶⁷ A **CLOA** “is a document evidencing ownership of the land granted or awarded to the beneficiary by the [Department of Agrarian Reform (DAR)], and contains the restrictions and conditions provided for in the [Comprehensive Agrarian Reform Law (CARL)] and other applicable laws,”

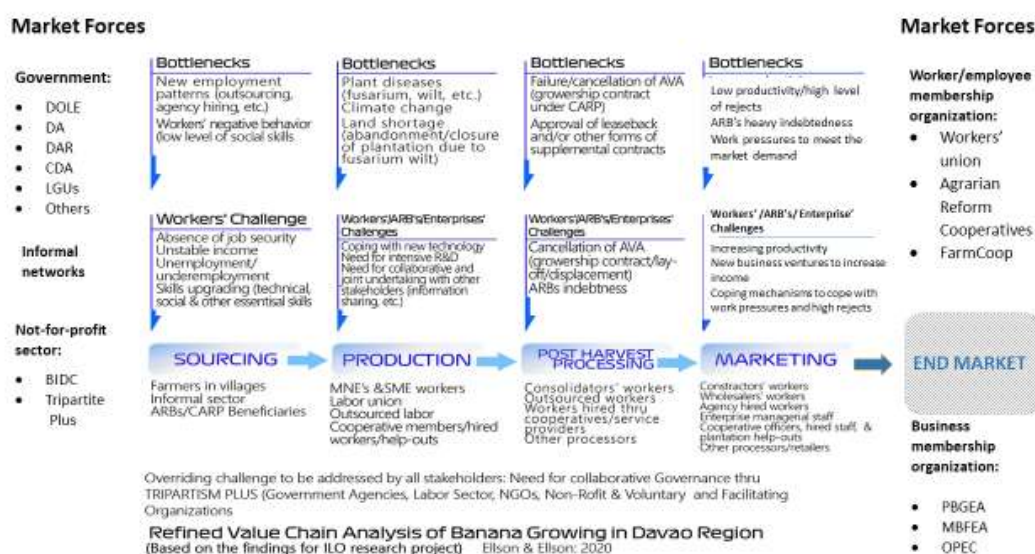
Table 6. Summary of Bottlenecks and Challenges in Banana Growing in Davao Region

Period/Stages of CARP/CARPER	Bottlenecks/Obstacles	Challenges/Opportunities	Action taken/ Results/Remarks
		3.) Need for skills upgrading 4.) Searching for alternative solutions to deal with “onerous contracts”	3.) Some landlords faced the ARS using para-legal mode
3.) Land cultivation- growing Cavendish banana	1.) Lack of financial capital and other farm inputs 2.) Failure of AVA 3.) Indebtedness due to accumulated arrears of land amortization and loans covering farms inputs from MNEs 4.) Facing the effects of over-application of chemical pesticides in plantation areas 5.) Climate change and infestation of fusarium wilt 6.) Plantation shortage caused by the spread of fusarium wilt	1) Searching for new partners/buyers who will develop new contracts favorable to both parties 2) Forming new business ventures to augment the shortage in income of the cooperative 3) Search for alternative means of farming with less chemicals or “chemical free” farming 4) Search for additional land for cultivations to resolve the economies of scale issue	1) Production, purchase and other supplemental contracts were executed with new MNEs 2) DOLE in search for workable solutions to resolve pressing concerns facilitated the formation of Tripartite Plus among stakeholders in Cavendish banana growing 3) Expanding the cooperative organizing beyond the ARS (to introduce organic upland farming of bananas, other fruits and vegetables with tribal groups)

7. The Refined Conceptual Framework

The findings of the research undertaking and the review of additional related literature paved the way to refine and redesign the conceptual framework. Top most bottlenecks are the invasion of fusarium wilt/TR4 in plantation areas and the occurrence of climate change. These bottle necks cut across all nodes in the value chain with a domino effect from production to marketing channels. As a global phenomenon, researchers were challenged to develop the necessary coping mechanisms that will address these two major problems. The Bureau of Agricultural Research (BAR-DA) in cooperation with academic institutions and growers (big and small) and other concerned stakeholders forged an agreement to do a series of experimentation to grow high resistant breed of banana. Results of various experimentation is still being observed. Big growers in other countries have collaborated in search for appropriate and workable solutions. Such moves put into practice social dialogue and collaborative problem solving.

Figure 9: Refined Value Chain Analysis of Banana Growing in Davao Region
(Based on the Findings of the study and observations of the author)



Note: An adaptation of the conceptual framework of the ILO's Value Chain Development for Decent Work (2016).

The practice of new employment patterns of outsourcing, agency hiring, job rotation, and other similar schemes cut across all channels (from sourcing of raw materials up to marketing) in the value chain. Thus, the challenges brought about by this obstacle are also felt in every node of the chain. The negative behavior of these so called “peripheral workers”⁶⁸ due to lack of essential and technical skills challenged the enterprises to conduct training and other development programs. Such move is claimed to be an additional expense which lessen the profitability of the company.

Davao Region also suffered from the infestation of fusarium wilt/TR4. Figure 9 identifies the affected areas with Davao del Norte as the hardest hit area. t Once a plantation is infected, abandoning or burning of the area is the only solution being practiced nowadays, thus creating a shortage of plantation/production areas. Based on the analysis of De la Cruz and Jansen (2017) “Growership contracts between the farmers and the corporations reveals evidence to support the contention that smallholder farmers are being made to bear the risk of Panama disease through legally binding contractual stipulations.”⁶⁹

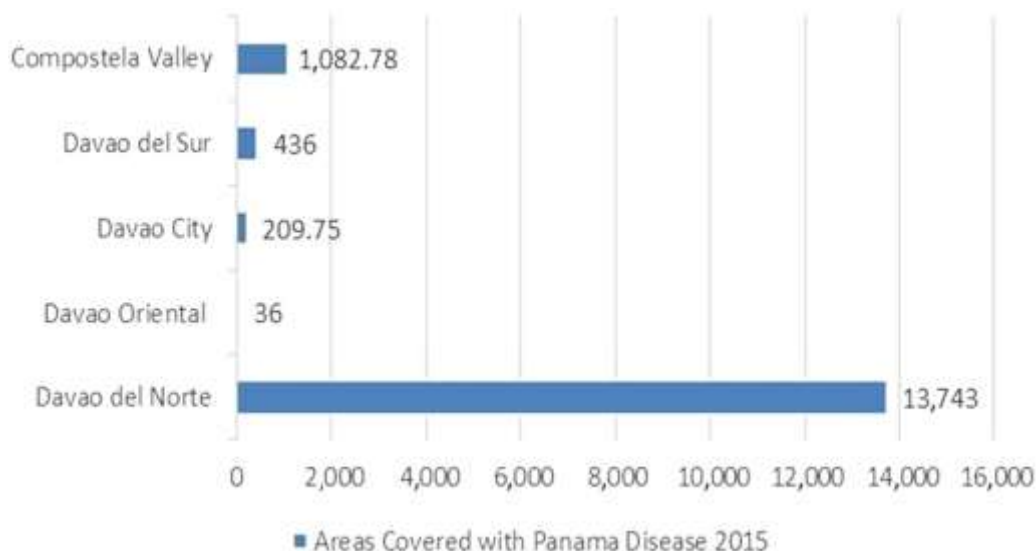
Big and small growers have initiated various approaches but until now no remedy has been found. High yield variety was developed by a group of scientist and endorsed by the DA Regional office as mentioned in Department of Agriculture’s management strategies in addressing Fusarium wilt. As contained in the said report, “data gathered reveal that on 2013, there are 3,901.50 geotagged banana farm areas infected by fusarium wilt, and then it grows rapidly after typhoons hit the region which caused flooding and overflowing of creeks and streams, increasing the incidence on year 2015 to 15, 507.73 hectares of banana farm area

⁶⁸ A label given to outsourced, agency hired, seasonal, itinerant, casual workers since the work being performed are peripheral in nature and hiring is on a seasonal basis.

⁶⁹ De la Cruz and Jansen (2017) Panama disease and contract farming in the Philippines: Towards a political ecology of risk. Retrieved from:
<https://onlinelibrary.wiley.com/doi/full/10.1111/joac.12226>

covered with Fusarium Wilt or Panama disease”.⁷⁰ However the experimentation is an ongoing process and results are still being evaluated.

Figure 9: Areas Covered with Panama Disease (TR4) Davao Region as of 2015 (in hectares)



Source: Panama disease and contract farming in the Philippines: Towards a political ecology of risk, Journal of Agrarian Chain (2017) Data derived from DA and PSA (2015)

As shown in Table 7, as of 2015, the highest fusarium incidence in the Region was from Davao del Norte with 13, 743.78 hectares infected banana farm areas. Compostela Valley Province with 1, 082.78 hectares ranked second, followed by Davao del Sur with 436, then Davao City with 209 hectares and Davao Oriental with 36 hectares of infected banana farm areas.

⁷⁰ DA report (2016) Department of Agriculture’s management strategies in addressing Fusarium wilt. Retrieved from: <http://davao.da.gov.ph/index.php/media-resources/17-news/279-da-presents-management-strategies-against-fusarium-wilt-to-banana-stakeholders>

Table 7: Estimated areas in Davao Region affected by Fusarium Wilt (TR4)
In 2015 (in hectares)

	Banana (all varieties)	Cavendish	Area Affected with TR4	% of area affected with TR4
Philippines	443,369.91	85,808.90	Not available	Not available
Davao Region	88,274.80	48,050.00	15,507.53	32.27
Davao del Norte	36,368.00	28,972.00	13,743.00	47.44
Davao del Sur	15,413.00	3,642.00	436.00	11.97
Davao Oriental	10,528.80	156.00	36.00	23.08
Compostela Valley	19,131.00	11,934.00	1,082.78	9.07
Davao City	6,834.00	3,346.00	209.75	6.27

Source: Montiflor, M. et. al. (2019) Coordination as Management Response to the Spread of a Global Plant Disease: A Case Study in a Major Philippine Banana Production Area Extracted from the data of Department of Agriculture and Philippine Statistics Authority (2015)

Table 7 is another presentation showing the areas infested with Fusarium wilt (TR4) disease with percentages of affected area. Davao del Norte ranked number one with the highest infestation (47.44%), followed by Davao Region (32.27) and Davao Oriental (23.08) on the third place. Davao City has the lowest rate of infestation. These reports include the plantation areas covered in the 3 case studies. However, no detailed data was given during the FGDs with the big companies. FarmCoop admitted that the infestation also occurred among their ARBs plantation areas. Out of the total membership of 2,875 ARBs, 520 members (20% of total membership) suffered from the disease. The plantation areas of 2,620 ARBs remained to be planted with bananas. FarmCoop members are also practicing diversification program (planting and growing other fruit bearing trees) with the hope that the move will help prevent the occurrence of fusarium wilt.

In another publication, Montiflor, M. et.al. (2019) suggests that “integrative capacity to manage a global plant disease and its spread entails a combination of technical measures and conditions conducive to interactions and coordination among organizations and actors with different resources and diverse interests.”⁷¹ The authors further considered that it important to recognize these different forms of coordination and understand how they

⁷¹ Montiflor, M. et. al. (2019) Coordination as Management Response to the Spread of a Global Plant Disease: A Case Study in a Major Philippine Banana Production Area. Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6728417/>

combine in the specific regional circumstances of doing business and interactions between private and public sectors. Interactions and coordination across all sectors is in fact a social dialogue in practice where information and experiences in managing Fusarium wilt (TR4) are shared and disseminated across the various stakeholders.

The adaption of “leasehold arrangements” proliferated almost all companies and ARCs except for the members of FarmCoop (the subject cooperative case study). FarmCoop successfully abrogated the AVA contract with an MNE, thus freeing themselves a one-sided contract. In collaboration with UNIFRUITTI (the subject MNE in the study) the parties crafted a new scheme/model of delivering AVA under production/purchase agreement where the buying price of bananas will be determined based on the existing price in the market and can be changed through negotiation as the need arises. New provisions may also be developed after consultation and deliberation, thus, social dialogue was developed as a means of settling disputes and doing away with “onerous contracts”.

In the case of TADECO, the ARCs and the company adapted a new scheme of “leasehold arrangements”. Stipulations in the contracts were subjected to negotiation from crafting to implementation. ARBs continued their employment with the holding company and fully enjoyed the benefits and compensation awarded to regular/tenured employees with no loss of seniority. Financial and technical assistance were awarded to ARBs to include lot/house construction assistance, cooperative building construction assistance and production sharing scheme based on the volume of actual production of ARCs. As such a new mode/approach of AVA contract under leaseback was developed through peaceful negotiations and consultation between and among the involved parties.

8. Selected Case Studies of Enterprises in the Cavendish Banana Growing and Processing

8.1 Case 1: Exploring the Potentials of the Agrarian Reform Cooperatives in Social and Economic Upliftment: The FarmCoop Experience⁷²

⁷² Sources of information: FGD with officers and executive staff of FarmCoop, FGD with selected officers and staff of selected member cooperatives, Website, Newsletters and manuscripts of FarmCoop

The passage of the Comprehensive Agrarian Reform Law (CARL) gave birth to the formation of Agrarian Reform Cooperatives (ARCs) in the Philippines. The implementation of CARL is contained in the Comprehensive Agrarian Reform Program (CARP) which offered an opportunity for the plantation and office workers of multi-national enterprises in the agri-business sector to become landowners of the land they used to cultivate. As provided for in the vision of the law, the program aimed at resolving the social unrest of plantation farmers and workers in the countryside.

The Cooperative Code defines a cooperative as both a social and economic enterprise where the members have common goals and interests, equitable sharing of risks and benefits for everyone's economic and social upliftment. Thus, the Foundation for Agrarian Reforms in Mindanao, Inc., (FarmCoop) came into being. It is a federation organized by the former union members and officer- workers of the National Federation of Labor-Kilusang Mayo Uno (NFL-KMU). The change in structure paved the way for a major change, the transition in the identity of the former trade unionist from plantation worker to landowner, to an agrarian reform cooperative member (ARB), and eventually to an entrepreneur who will manage the operations of the farm and a cooperative business enterprise.

This change was not a smooth sailing process. Despite the existence of CARP, the ARBs had a hard time taking over the plantation land that was awarded to them. In addition to the very rigid and confusing legal processes in the transfer of ownership, the beneficiaries were in a dilemma on how to run a business enterprise. They were the masters on trade union administration but not on how to manage a business under the cooperative model. This condition challenged the leadership and officers of the agrarian reform cooperatives (ARCs) to search for new knowledge, competencies and innovative approaches to effectively manage their own social and business enterprise.

ARBs were given options on how to utilize their lands. As originally envisioned by CARL, it will involve distribution of "land to landless to be tilled and planted". Thus, the first option is for the ARBs is "full take-over by farmworkers where they have full

control and ownership of the land including management from growing, processing to marketing of the produce either individually or collectively". The second option is to go into contract farming (contract growing) with the former land owner agreeing to give technical services and supply all the farm inputs. The third option is to forge a joint venture set-up where the former owner/company and the ARBs manage the plantation together. The last option is for the ARB to enter into a lease-back of the land to the former landowner or company who usually took control and utilization of the land, where the farmer will be paid a rental fee and will continue to work for the former employer. The first and second options is the only means to fulfill the promise of CARL while the rest defeat the existence of the law.

After undertaking experimentations and assessments, FARMCoop members and officers decided to take the first option which is the real essence of CARL. The system involved setting-up their own social business enterprise where members have options to do farming individually or collectively. Under this scheme, the cooperative would perform the procurement of farm inputs, research and development programs, and other technical services. Marketing and promotions would also be collectively done. However, obstacles and problems were encountered through the years. But the members did not surrender, instead, they decided to explore all possibilities and potentials until they were able to find a buyer company, Unifruitti, which agreed to re-negotiate and upgrade the buying price of bananas and improve other terms and conditions under the purchase and production contract. These changes led to an increase of the net surplus sharing of the members from Php 150,000 to Php 200,000/per year. The increase in net surplus sharing has also motivated the farmers to be more productive. This incident benefitted not only their own members but other ARCs and ARBs in the banana industry as well.

While searching for the appropriate technologies to come up with the best output, the leadership explored the possibility of organic farming. They decided to venture in organic upland grown bananas with the Agrarian Reform Beneficiaries Multi-Purpose Cooperative (PARBEMCO) in Sitio Pamara, Barangay Sibulan, Toril District, Davao City. The PAMARA community is composed of Bagobo-Tagabawa and Bisayan settlers who never surrendered amidst difficulties and trials. Other

member cooperatives followed the footsteps of PARBEMCO since there is unlimited demand for organic products in the Japan market. Nowadays, the upland-organically grown bananas is gaining recognition in the market.

In 2004, the cooperative established the Organic Producers and Exporters Corporation (OPEC), to act as its marketing arm specifically of organically grown bananas and vegetables along the range of Mt. Apo, Davao City. Realizing the need to produce more organic farm products, OPEC was tasked to get involved in growing more fruits and vegetables to be sold in both domestic and other Asian markets. To date, it has three certifications:

- Certificate No. 044819-1 – issued by Organic Philippine, Department of Agriculture, issued on 02 September 2019 to expire on 02 September 2020
- Certificate No. 166757PIII – issued by Annual JAS Audit Completion
- Certificate (JAZ ECOCERT) Organic Agricultural Product Overseas Producer), issued on 5 March 2019 for updating on 1 August 2019

As the federation membership increase in number, it never stopped searching for the best products and appropriate technologies. The cooperative set up the Eco-Park in Panabo, Davao del Norte where the production of organic fertilizer is being done. The nursery for organic banana seedlings is also hosted in the park. The establishment of Eco-Park is a move to be a self-sustaining business enterprise.

The organic growing of bananas also produces rejects, those that does not pass the criteria set by the buyers. Nowadays, the reject bananas are used to feed the piggery of the members, family consumption, and in composting. To fully utilize the value of organic bananas, the federation is in the process of venturing into the production of banana flour and banana feed mill.

FarmCoop is a member of the Tripartite Council in the banana industry and actively participates in conferences and conventions in the agri-business industry. Recruitment of new member cooperative is a continuing endeavor. It has executed a memorandum of agreement on Agro-Ecological Sustainable Development

Program of the Ancestral Domain of Barangay Sibulan – City Side with the following:

- Sibulan Ancestral Domain Organic Producers Cooperative (SADOPCO)
- The Indigenous Political Structure (IPS) of the Indigenous Cultural Communities of Bagobo-Tagabawa authorizing the Indigenous Peoples Organization (IPO)
- The Barangay Local Government Unit (BLGU)
- The National Commission on Indigenous Peoples (NCIP)

Through the Organic Producer and Exporter Corporation (OPEC) it has also signed a memorandum of understanding with Negros Island Sustainable Agriculture and Rural Development Foundation, Inc. (NISARD) and the Province of Negros Occidental, through the office Local Government Unit (LGU) to jointly promote, assist and develop organic growing of banana in the Province of Negros Occidental.

There is a continuing search for the responsible business practices in managing the affairs of their three projects under FarmCoop's Agro-Industrial Program: banana (in Surigao), pineapple (in Polomoloc, South Cotabato), and organic banana (in Sibulan ancestral domain). The spirit of organizing and encouraging the indigenous peoples along the range of Mt. Apo to grow organic farming will flourish. All of these successes and achievements started as a dream of realizing the potentials of CARL and in the long run, the dream of emancipating the farmers and tribal minorities from the bondage of poverty.

8.2 Case 2: Making a Difference in the Banana Industry: The Unique Programs of TADECO and Its Partner Organization, Don Antonio Floreindo Foundation⁷³

Tadeco is the biggest company of the Anflo Group of Companies owned by the Floirendo family. It is a grower-supplier of bananas to big MNEs. There are 13,000 workers, 16% of which are women. All workers are tenured regular workers. It does

⁷³ Source of information: Interview with key officers, FGD with representatives of unions and management officers, Website of the company and other company manuscripts, Interview of company banana growers and Video presentation of company.

not practice contractualization or agency hiring (zero “endo”). Employees turn-over rate is zero too for a long time.

Tadeco is under a joint venture agreement with the government Bureau of Correctional (BuCor). It has a long term lease agreement for the use of the untapped agricultural land of the Philippine government assigned to BuCor. In addition, it hires inmate workers. At present, there are 1,500 inmate workers who are paid the regional minimum wage of Php 391 per day for only five (5) hour’s work per day.

Tadeco is in agreement with four (4) Agrarian Reform Beneficiary Cooperatives (ARBCs) under a long-term lease contract. Under this arrangement, the agrarian reform beneficiaries (ARBs) are retained as regular workers, a scheme that is different compared with other banana companies. Compensation benefits are much higher than the mandated wage set for the region. ARBs are also awarded lease home lots and are also assisted in installing facilities, processing permits and others

There are 32 housing compounds in Tadeco for the workers and staff. Tadeco is a self-sufficient community. It has schools for elementary to high school, day care, alternative learning system (ALS) for out of school youth and workers, and an agri-business school in Panabo City, all of which non-workers’ families can attend.

Tadeco has its own second level hospital with 40 beds, four (4) resident doctors, one (1) dentist and visiting specialists. Its services are not free but Philhealth accredited. Indigenous Peoples (IPs) are given free treatment if their “datu” certifies that they are tribe members. All employees are covered with health and medical insurance plus medicine allowance on top of the coverage of the Workers’ Compensation under the Social Security System.

The company has sports facilities which has a tie-up with schools. Trainers are employees/workers. The company has a budget for allowances and equipment and competitions.

Tadeco adopted three (3) rivers where these are cleared every quarter. Waters are checked regularly for pollutants and there is an information drive about floodings for the inhabitants in the nearby areas.

Tadeco has formed Don Antonio Floreindo Foundation, Inc. as the CSR arm. The foundation acts as the lead facilitator in the conduct of the corporate social responsibility programs. There are seven (7)-SAGIP Social Responsibility Programs:

- Sagip Kabuhayan (Help Save Livelihood)
- Sagip Kalusugan (Help for Wellness and Health)
- Sagip Kaalaman (Help Save Education)
- Sagip Kalikasan (Help Save the Environment)
- Sagip Kultura (Help Save Culture)
- Sagip Kalamidad (Help Save Calamity-Stricken Victims)
- Sagip Katuwang Pamayanan (Help Save the Community)

The CSR on agro-research is the service laboratory which is open to small banana growers. They are charged a subsidized price for testing which is 25% lower than commercial rates. Information drive is also done in surrounding communities on the prevention of diseases especially on the control of fusarium wilt. It also train and share pro-active measures in the prevention of diseases.

Tadeco does not hire foreign managers or workers. Managers are subjected to short and customized courses both on technical and social skills. It has entered into a joint operation of a satellite campus with the University of the Philippines Los Banos to encourage its workers and community members pursue higher level of education on agri-business related courses. Building, land, and other facilities are shouldered by the company. Technical trainings are also done in collaboration with Israel government under the Mashav program to provide its managers and technical staff with the latest technology in banana growing.

Tadeco is a certified GGAP. It was recognized as a Child Labor Free Zone by the Department of Labor and Employment over its years of operation. In addition, it was also awarded as the producer of “Best Quality in the World”.

Through the foundation, it provides livelihood to wives and women in the community such as making placemats, handbags, lamps, and other house and office décor. Of note is employment of the elderly women who can still do work. Their products, made from banana stalks and bamboo, are displayed in the Tadeco showroom, Abreeza Mall, and domestic and international trade fairs. The products are gaining fame and recognition throughout the world.

Over the years, Tadeco has set a record beyond the practices of other banana growing companies. It has created a venue for employment opportunities for the inmates, assisted the family of the inmates through livelihood programs, and provided an opportunity for the future generations of the inmates to pursue a brighter life. Community building for its workers with quality amenities are afforded. State of the art facilities needed from planting to packaging are in process. Above all, ensuring that they satisfy the expectation of its customers by producing not only the best quality banana but also by taking care of its entire workforce and the community where they operate through its unique responsible business practices.

8.3 Case 3: Forging Genuine Partnership with the Banana Growers: The Unifruiti Approach⁷⁴

A major player in the banana supply chain analysis is the buyer, a multi-national enterprise (MNE) whose major function is to deliver the Philippine bananas to the world market. The Mindanao banana harvests are handled by 6 big MNEs, mostly operating in Asian market. These growers used to operate their own managed farms situated in owned or rented lands before the implementation of the Comprehensive Agrarian Reform Law. There are companies which entered into venture agreements with the agrarian reform beneficiaries (ARBs) and manage the farming operations together. Some successfully convinced the ARBs to agree into lease-back arrangements where the farmers would be rehired as salaried worker in the plantation. Others offered another model, partnering with the growers through an Exclusive Option to Purchase Bananas Agreement (EOPBA) which guarantees the MNE a steady and regular supply of bananas at a negotiated buying price.

⁷⁴ Sources of information: Interview with owners and management staff headed by the Human Resource Manager, and selected workers of the enterprise, company website, and video presentation of company CSR program.

Unifrutti Group Philippines is a banana grower and exporter company which began investing in Mindanao in the early 1990s. It was the first MNE which negotiated and contracted its former growers into a new scheme of partnership. It initially partnered with Mampising Agrarian Reform Beneficiaries Multi-Purpose Cooperative (MARB), member cooperative of FARMCoop. MARB has 353 members who became in charge of 700 hectares of banana plantation in Mabini, Compostela Valley. Each member of the cooperative was given 1.5 hectare of land to cultivate, thus, making them growers.

Unifrutti and the cooperative signed an agreement, Exclusive Option to Purchase Bananas Agreement (EOPBA) which guarantees Unifrutti a steady and regular supply of bananas. MARB amortized the development cost not on a fixed rate as in banks, but on a per box basis. The farmers were charged only 6 percent (6%) interest which is the interest rate provided by CARP.

Unifrutti gave the cooperative 30 years to pay. Payment for purchases with the cooperative is twice a month. The cooperative pays Php 32 centavos for land development fee per box of bananas produced. The average produce per year is 3,200 to 4,000 boxes per year per hectare. Thus, each ARB can earn as much as a net income of Php 20,000 pesos every 15 days, an income which is much higher than the salary of the plantation workers. This improved the quality of the economic and social life of the ARBs. They were able to have concrete houses, acquire vehicles, send their children to private school and college and finish undergraduate courses.

Unifrutti also partnered with Bukidnon's Seven Tribes. Unifrutti and its affiliate Hinelaban Foundation signed the Sacred Customary Compact on peace and progress in 2012. The compact was on the joint development of working models for food self-sufficiency and sustainable livelihood combining indigenous and cash crops. The implementation started in 2016 and the first tranche of the trust fund, Php 2,166,000 was released. Each tribe had to plant one million taro plants in return.

Eventually, Unifruitti became the partner of majority of the FARMCoop members, entered into an Exclusive Option to Purchase Bananas Agreement (EOPBA) at a negotiated buying price, higher than the prevailing price in the region. As the practice became known to other growers, other MNEs observed the same practice. Their model has influenced the behavior of other players in the banana industry.

Unifruitti provides health care to its regular employees. It gives up Php160,000 health care benefits to workers and their family per year, for a maximum of 3 children under 21 years of age, Php3,000 medicine allowance per year, dental services, and maternity benefits on top of Social Security System up to 3 births.

Unifruitti is GGAP certified. It provides technical orientation to FARMCoop and its member cooperatives. Another training and development are on values program (Values Reconciliation Movement). There are also weekly values sessions during work hours offered to both regular and plantation workers. Some growers also attend those sessions. Cooperative representatives are trained to handle disputes. Representatives are rotated so that each one has the chance to handle the sessions.

There are almost 3,000 workers in the company managed plantations. There are 2 unions: 1 for shipping division which is a member/affiliate ALU-TUCP, and the other is an independent (un-federated) union. The company has no job contractualization or agency hired workers ("endo"). Seventy to eighty percent (70% to 80%) are regular employees while the rest are seasonal workers.

The company gives scholarships to children of employees, 100 slots for high school, with a stipend of US\$350 per year, 84 scholarship for college with a stipend of US\$1,020 annually. The scholarships are based on minimum qualification on grades.

Unifruitti is cited to be one of the new entrants in the banana industry as a major player in the value chain compared with other MNEs. However, it has set a new model of dealing with the farmers/growers as well as its own regular workers. Aligned with its set vision and mission, it has forged a strong partnership using

innovative approaches with the most important channel in the value chain – the growers, the farmers, and the community where they operate.

8.4 Case 4. Soaring High in Producing Banana By - Products: The Banana Chips Factory Journey in the World of Business⁷⁵

The Banana Chips Factory is a 100% Filipino-owned company engaged in the manufacture and export of banana chips. Its corporate values embody its vision as a leading player in the business of food export, and as a significant contributor to the growth of Philippine exports and to livelihood improvement in the countryside.

Pacific carry the Banana Chips Factory products from the Philippines With a leadership that transcended various stages of growth and market developments, the enterprise is managed by competent professionals who guided its growth from inception. True to its commitment to hard work and systematic approach that spelled milestones of success in its operations, the enterprise continues to dedicate itself towards delivery of quality products to its international clientele. It is with great pride that famous global brands in the USA, Europe, Middle East and Asia.

The company is dedicated to producing only the best and finest banana chips to ensure that customers are satisfied and get the best value out of its products. This is why the company strives for continuous improvement and pursues strict implementation of Quality Management to ensure that products are not only excellent in taste but also safe for enjoyable consumption. Prime Fruits International is ISO 22000:2005, KOSHER, and HALAL certified and practices CODEX-HACCP based Food Safety Management System. With an innovative management that creates relevant, updated policies in support of technology and equipment upgrade and human resources' skills empowerment, it scaled up its customized service as it continues to be our clients' most reliable and dependable manufacturing partner in the Philippines.

Located in the heart of vast banana plantations in the province of Davao, southern Philippines, the company's manufacturing operations flourish with the year-round

⁷⁵ Sources of information: Interview with the owners, selected management staff and workers

abundance of raw material and available work force. Volume harvests of fresh mature green fruits of SABA (*Musa sapientum* var Saba) and CAVENDISH (*Musa sapientum* var Cavendish) are delivered regularly by accredited farm owners and suppliers. These are peeled and processed within 24 hours to yield the finished product--- banana chips--in various forms and formulations as required.

The raw material, in various stages of processing, undergoes strict monitoring for adherence to quality standards. Overall sanitation and hygiene are carried out under the principles of Good Manufacturing Practices (GMP). The enterprise is registered and strictly observe the policies of Hazard Analysis Critical Control Points (HACCP) to ensure product quality and safety. All processes are regularly monitored matched with proper documentation, updating of records and recording for real-time delivery and analysis of data and recoveries.

Equipment upgrade is a continuing program to achieve optimum operation efficiency. Review of plant operations is likewise a continuing process to determine cost-effective methods, facilities' improvement, and equipment that are necessary for better delivery of quality products and services.

The company's manufacturing facilities are strategically located within reasonable distance from the Davao City international port and other relevance service providers which facilitate procurement and movement of goods.

The manufacturing team is composed of technical experts who work together towards achievement of the company's goals and targets in servicing its discerning clientele. They supervise daily operations according to GMP principles and in adherence to the HACCP program, and undergo regular training for relevant technical and market trends updates.

The company's human resource program ensures the constant supply of quality manufacturing workforce. Re-training and refresher programs are regularly conducted in the company to keep the workforce abreast with the company's desired standards in sanitation, productivity and quality of service. Moreover, the company's team-building programs for the manufacturing team and workforce are aimed to maximize individual competencies as well as inculcate good work values and habits

that eventually become an integral part of the family and immediate community surrounding the plant.

The enterprise is managed by a pool of staff who are willing to learn and to be trained on the best practices of managing people. It has been the practice of the owners themselves to directly attend to any concern aired by the workers. Compensation package is set beyond the provision of the Labor Code. Incentives and other non-monetary benefits are awarded to the workers based on productivity and performance. For workers with zero tardiness and absenteeism, additional non-cash benefits are given. The additional awards keep the workers highly motivated, thus, higher productivity is achieved.

The factory equipment are not only designed to achieve higher efficiency but also to protect the workers from hazardous work and environment. Occupational health and safety is at the heart of the firm's priority program. Wellness program for all workers is also at the pipeline of the management. The company started as a single-proprietorship. As the company operations flourish in a short period of time, the living standards of its workers and the community also improved. Aside from good compensation package, the workers are also exposed to attend spiritual activities on a voluntary basis.

The enterprise offers an alternative market for the banana growers. Before the enterprise existence, farmers have no choice but to sell the banana rejects to feed mill processors at very low buying price. All deliveries of rejected bananas (from the export market), whether from small and individual growers or big plantation companies are accepted. Priorities are given to farmers coming from the same area where the company is situated.

Serving the community where they operate is also a major concern. The owners established a start-up school for the children of the enterprise workers and the community. All operational expenses to operate the school is shouldered by the company. Skills training for setting up livelihood projects for women workers and housewives in the community is also offered in the same school.

The enterprise operates with a deep concern for its environment. The owners plans to convert the banana peels into organic fertilizer for distribution to the

farmers/growers within the vicinity. Thus, creating a new approach of growing the needed raw materials, a new and healthy input – organically grown bananas. The owners have acquired a piece of land to be converted as the fertilizer plant. The company have spent a lot for conducting research and development to develop the technology of converting the waste materials into a new by product – organic fertilizer that will save the banana plantation from chemical fertilizers and pesticides.

As the journey goes on, soaring high in producing banana by-products, a new technology will be developed leading to production of healthy products and in the long run, contributing to the wellness of the community, its people, and the consumers as well.

As required by the TOR (Annex 2), the study will also include at least two cases in the non-banana industry for inclusion in this report. Two cases were selected from the electronics industry to highlight the salient RBCs and CSR that the company has adapted. The cases have identified the RBCs and CSR and ruled out that most of the practices are embedded into the operational system of the company. The workers are mobilized to participate with the endorsement and active support of the union leaders. The RBC and CSR are integrated with the enterprise audit and control system that enhances its accountability to deliver quality and safe products to its clientele. It must be noted that data gathering is limited to the conduct of interview with key informants (representatives from both labor and management) and review of documents from the company's website only.

8.5 Case 5. Practicing Transparency, Community Building, and Enhancing Workers' Voluntarism as the Heart of Corporate Social Responsibility: The Ibiden Case⁷⁶

Ibiden Co., Ltd. Is a global company which believes in the mission of “contributing to the progression of society through innovative technology, with respect for both individuals and the global environment”. It aims to grow stably by developing human resources, creating a place where more diverse people can play lively and active roles.

⁷⁶ Sources of information: FGD and interview with selected representatives of union and management representatives and company website.

In pursuing its ultimate dream, the organization has set the following values: Trust through Integrity Gaining customer and societal trust through “Genchi Genbutsu”; “Wa” Teamwork and Synergy Integrating knowledge and wisdom from the employee involvement for greater power; Challenge with Passion Anticipating change, and acting boldly to create new value; and IBI-TECHNO Innovation Evolving by overcoming hurdles through creativity and ingenuity.

The firm has set its four pillars of strategy to guide its management and operations, namely:

- Strengthening competitiveness of existing businesses
- Expanding new businesses
- Development of human resources
- Driving ESG-central operation

Since the founding of the mother company in Japan in 1912 and establishment of the local company in the Philippines in 2000, it has practiced transparency and information disclosure (including the corporate governance report and financial reports of the company). With the main thrust of producing and supplying quality products within proximity all over the world, the company has also committed itself to develop corporate social responsibility programs involving the management and its workforce.

Side by side with its business operations strategy, the company has formulated five pillars of its corporate social responsibility, namely:

- Protecting the global environment
- Fostering the next generation (promoting activities for the development of young people)
- Contributing to social welfare and local communities
- Disaster relief operations
- Social Contribution and Volunteer Activities by IBIDEN Group's employees

The company is guided with the basic idea, which states that, “We aim to contribute to local communities by taking advantage of our unique corporate characteristics, including our capacity to improve living environments and to offer opportunities for personal development. We take part in and support groups involved in activities of

this nature. We also undertake our own community projects across the globe, tailoring them to local cultures and customs, and earning the trust of the international community”.

The firm has committed itself to protect the environment by creating the “Ibiden’s Forest” where the company plants trees, thins the forests and conduct improvement cutting in the district, together with the local public, employees and family members. All these activities are geared to continue to carry out sustainability activities aimed at maintaining harmony with nature.

Another worth noting program is the IBIDEN Tour – Learning from "Water". In cooperation with education support groups, it has conducted educational tours through which participants can learn about the mechanism of power generation and the power of natural energy through a study tour at our hydroelectric power plant, which has been operating since its founding. It is a program for fifth- and sixth-grade elementary school students (through a public application process) learned about the mechanism of electricity generated with the use of flowing water.

The company also contributes to the revitalization of local industries through the conduct of technology-based human resource development program such as conservation technical training utilizing the company’s business experience earned over the past years of operations. In addition, the company also attended an environment-related course presented by a local high school and university as an instructor, to encourage the revitalization of human resource development from a number of aspects.

Under the Social Contribution and Volunteer Activities, a remarkable policy, is that, the domestic group companies provide special leave for volunteers (as special paid leave of up to 7 days a year) as a volunteering encouragement program. In addition, the Social Contribution Committee grants awards to employees according to the internal rules. In the year 2018, 13 employees engaged in volunteer activities for 26 days.

With the aim of inculcating social responsibility through voluntarism, the company and its domestic group companies encourage and host employees' small, casual volunteer activities, known as "Chovola Activities," as part of its effort to foster an atmosphere where employees can volunteer without making a very large commitment of time. It is done by collecting used stamps and unsent postcards from the employees, donating them to local charity organizations and nonprofit organizations. It also started collecting PET bottle caps from the employees, using the proceeds for IBIDEN Philippine's social contribution activities.

The foregoing CSR programs range from low to high impact undertakings. Some falls with the triple bottom line model, while some may seem dole-outs and with low implications. However, what matter most is the notion of encouraging voluntarism from every participant which is the foundation of a sustainable community building and workers' participation in social and economic upgrading

8.6 Case 2: Integrating Responsible Business Accountability into the Mainstream of Business Management: The Case of Vishay Philippines, Inc.⁷⁷

VISHAY, Philippines, Inc. was established in 1997 with a German nationality.⁷⁸ Its mission statement is to "Provide our Customers with a single manufacturing source (one-stop shopping) for discrete semiconductors and passive components". Vishay, is also coined as "The DNA of Technology". It ensures all of its customers and clients that they supply the highest quality material that underwent "the state of the art" processes and produced with rigid evaluation and control mechanisms.

Vishay Inter-technology's primary goal is "to exceed the expectations of our customers." The entire organization, beginning with top management, has worked consistently to meet this goal. Its reputation for quality is based on a commitment to the newest and most effective design, manufacturing, testing, and management procedures – including, but not limited to, design for manufacturing, statistical

⁷⁷ Sources of information: FGD with selected representatives of union and management staff.

⁷⁸ Retrieved from http://www.infomaninc.com/link/seipi/vishay_philippines.htm, on 8/09/2019

process control, lean manufacturing, and continuous improvement methodologies.⁷⁹

To complement quality systems for each product line, Vishay maintains extensive testing laboratories at its facilities. As a result, the company is well equipped to maintain qualifications to a wide range of specifications vital to the automotive, commercial, defense, medical, and aerospace markets, including:

- MIL (Military Specifications)
- ER (Established Reliability)
- CECC (CENELEC Electronic Components Committee)
- AS9100 (Aerospace Quality Management System)
- NASA (National Aeronautics and Space Administration Standards)
- ESA (European Space Agency)
- AEC-Q100/101/200 (Automotive Qualification Standard)
- ISO 9001 (Quality Management System)
- ISO/TS 16949 (Automotive Quality System)
- VDA 6.3 (German Automotive Industry Quality Standard)
- UL (Underwriters Laboratories)
- ISO 14001 (Environmental Management System)
- OHSAS 18001 (Occupational Health and Safety Management System)
- IRIS (International Railway Industry Standards)
- ISO 13485 (Medical Devices Quality Management System)
- ISO 50001 (Energy Management System)

The highest priority at Vishay is dealing with its employees, customers, suppliers, and subcontractors. It continues to maintain ethical business practices. Its commitment to ethical business practices guides all activities by all personnel, both internally and in interaction with all of its valued stakeholders. Vishay, as a company, encourages and relies upon the integrity of all parties, both inside and outside of the firm. It has amended and restated the Code of Business Conduct and Ethics on August 22, 2017 to make it more user friendly. While the amended and restated Code generally contains the same material provisions and addresses the same topics the prior Code, the amended and restated Code provides a general update and now specifically addresses the use of social media, data primary requirements and the proper use of the company's e-mail system.⁸⁰

⁷⁹ Taken from <http://www.vishay.com/quality/>, retrieved on 8/09/2019

⁸⁰ Refer to Vishay's Company Ethics; Code of Business Conduct, downloadable from <http://www.vishay.com/company/ethics/>

Vishay (Phils) Inc. manufactures and distributes semiconductors and related solid-state devices. The company markets modules, LED, photo diodes, voltage couplers, and other electronic devices to manufacturers throughout the Philippines and the Asia-Pacific region. The company is provided with sales leads and sales intelligence data by D & B Hoovers were the data undergoes extensive quality assurance testing over 2,000 discrete checks for validity and reliability (D&B Hoovers)⁸¹

Driving stockholder value is what Vishay focuses on. It accomplishes this through organic growth supplemented by targeted acquisitions, a regular cash dividend program, and opportunistic stock buybacks, while at the same time maintaining a prudent capital structure. Vishay continues to be a reliable generator of “free cash” (the amount of cash generated from operations in excess of capital expenditures and net of proceeds from the sale of assets). Vishay has consistently generated in excess of \$100 million in “free cash” in each of the past twelve years (Vishay Annual Report 2017).⁸²

One of the responsible business accountability being practiced by Vishay is transparency and information disclosure of the results of its financial operations system. Information and operational performance are published to express its accountability to the government, its customers and the general public. From the latest financial highlights, it reported a net sales revenue increase of 2.68% in 2015. Its total assets recorded a growth of 7.57%. The net profit margin decreased by 0.94% in the same year. (EMIS)⁸³

For year 2017, Vishay reported its annual financial report showing the rates sales performance, acquisitions, its share in diverse markets, power suppliers to include

⁸¹ Retrieved from [http://www.hoovers.com/company-information/cs/company-profile.vishay_\(phils\)_inc.ea2b61b5bb45bd71.html](http://www.hoovers.com/company-information/cs/company-profile.vishay_(phils)_inc.ea2b61b5bb45bd71.html) on 18/09/2019

⁸² Retrieved from https://ir.vishay.com/sites/vishay.investorhq.businesswire.com/files/doc_library/file/180306_AR_fullspread.pdf on 18/09/2019.

⁸³ Retrieved from https://www.emis.com/php/company-profile/PH/Vishay_Phils_Inc_en_1675339.html on 18/09/2019

military and aerospace, computing telecommunications, medical consumer, etc. (Refer to the Company's Annual Report, 2017)⁸⁴

The company's accountability to its human resources, health and safety, environment, and general society in general is contained in its adherence to Responsible Business Alliance (RBA) (Source: RBA Standards & Guiding Principles).⁸⁵ The RBA code of conduct sets out the standards required to ensure that:

- Working conditions in the electronics industry supply chain are safe
- Workers are treated with respect and dignity
- Manufacturing processes are environmentally responsible

The code of conduct provides clear and measurable benefits for factories in supply chains, including increased productivity and quality and reduced worker turnover, injuries and illnesses. It also enables companies to demonstrate their social responsibility towards society when bidding for international contracts or expanding locally to accommodate new business. The code of conduct has been widely adopted as the standard for social responsibility across the electronics and ICT industry

The RBA Code of Conduct is made up of five sections with 43 key principles:

- Labor
 - Free chosen Employment
 - Young workers
 - Working hours
 - Wages and benefits
 - Humane treatment
 - Non-discrimination
 - Freedom of association
 - Health and Safety
 - Occupational safety
 - Emergency preparedness
 - Occupational injury and illness
 - Industrial hygiene

⁸⁴ Vishay's Annual Report, downloadable from <https://ir.vishay.com/document-library/governance-documents/annual-report-2017>

⁸⁵ Refer to RBA website, <https://www.sgs.ph/en/sustainability/social-sustainability/audit-certification-and-verification/social-responsibility-audits/rba-program>

- Physically demanding work
- Machine safeguarding
- Sanitation, food and housing
- Health and safety communication
- Environmental
- Environmental permits and reporting
- Pollution prevention and resource reduction
- Hazardous substances
- Solid waste
- Air emissions
- Materials restrictions
- Water management
- Energy consumption and greenhouse gas emissions
- Ethics
 - Business integrity
 - No improper advantage
 - Disclosure of information
 - Intellectual property
 - Fair business, advertising and competition
 - Protection of identity and non-retaliation
 - Responsible sourcing of minerals
 - Privacy
 - Management system
 - Company commitment
 - Management accountability and responsibility
 - Legal and customer requirements
 - Risk assessment and risk management
 - Improvement objectives
 - Training
 - Communication
 - Worker feedback, participation and grievance
 - Audits and assessments
 - Corrective action process
 - Documentation and records
 - Supplier responsibility

Furthermore, Vishay not only committed to RBA policies, but also publicly expressed its commitment to: (series of Vishay commitment issuances)⁸⁶

- California Transparency to Supply Chains Act of 2010 (SB 657)
- The Modern Slavery Act 2015
- Continue to operate its Whistleblower and Ethics Hotline

All of these mechanisms are done as a way of implementing continuous audit and operational control system. True to its commitment to deliver the best product,

⁸⁶ Downloadable from <http://www.vishay.com/company/ethics/> under related documents

services beyond the expectations of its customers, workers, environment and the entire society in general, Vishay will continue its promises as contained in its mission statement. by integrating Responsible Business Accountability (RBA) in all angles of business management. The dimension of responsible business conduct is open for all organizations who wish to attain and preserve good corporate image and reputation, higher productivity and competitive advantage.

9. Summarizing RBCs/CSR from the Case Studies

Documenting RBCs and CSRs can be done by looking closely into the mirror of the industry. It would entail interviewing key informants coming from the lead stakeholders, conducting focus group discussions (FGD) with key players, observing the behavior of lead partakers, and examining the existing RBC and CSR programs conducted by the selected enterprises. In choosing the cases, the ILO requirement was observed in this study, e.g., organizations must have no existing or pending labor cases, presence of unique features and existence of RBCs and CSRs that will push for social and economic upgrading.

The study on the banana industry in Davao Region revealed considerably major contribution in the existing body of knowledge in the management discipline. Results were generated through the use of secondary information, conduct of value chain analysis, drawing the rich picture of the industry to highlight the concerns confronted by the stakeholders, key informants interview and FGD with onsite visitation in company premises. These activities were done to ensure that data gathering passed through the rigidity of academic requirements.

In general, RBCs and CSR must have created an upward growth on company's operational system and influenced a trickle-down positive effect to the main stakeholders. In particular, any of the following criteria must be present: reduction or early resolution of conflicts and other concerns in the workplace;

- creation of sound relationships between and among the key stakeholders;
- generation of employment and enhancement of decent work;
- increase in the compensation benefits (both and non-wage) of its workers and beneficiary growers; and

- provision of a tool for measuring the attainment of company targets, goals and long term plans.
- provision of resolutions to resolve any identified bottlenecks and obstacles to pursue productivity and sustainability; and
- Provision of opportunities enable the key players in addressing the challenges within the value chain.

Furthermore, documenting RBC or CSR must entail a long period of observation and measurement. Identifying the contribution to socio and economic upgrading will be noticeable if there is a triple bottom line positive change as far as the workers, growers and other players down the line. Some impact cannot be seen overnight but some implied benefits or results can be out rightly observed.

In the case of TADECO, some observable contribution of companies' RBC and CSR visible and observable at the on sight. Outstanding RBCs that help in the economic and social upgradation are: the development of an innovative approach to the agri-business venture (AVA) originally designed by DAR (pursuant to the provisions of CARP/CARPER) to allow leaseback arrangement in the implementation of CARP. Based on the experiences of ARBs and ARCs in the banana growing, most of the contract did not flourish. Some ended with the termination of the contract leaving the ARB heavily indebted and cannot cope with the monthly amortization in paying the land amortization with Land Bank of the Philippines as well as the partner MNE who initially gave the inputs in the growership arrangement. This innovation can serve as a best practice that other ARBs and companies can adapt

Another upgrading is the creation of employment for the inmates. Promotion of quality work life balance for inmates is far from reality, but at least at the minimum, the company has generated income provision, skills acquisition and experience which can be useful when the inmates finished their sentence of imprisonment. A social gain could be the provision of new hope for the inmates that could inspire them to lead a bright future.

Other RBCs could be classified as traditional or an obligation of the employer to its workers and partner organizations, but all of them entail cost, effort and time and for that, the company must be recognized for after all, these programs are not

mandated by law, CBAs and other social legislations but a company initiative. In the long run, these RBCs can contribute to the attainment of decent work for all their workers

The experience of FarmCoop goes beyond the stipulations of CARP/CARPER implementation. Almost all of the RBCs cited are innovative in nature and focused on the emancipation of the ARBs and ARCs as well as the tribal communities from the bondage of poverty. What is worth noting, is the struggle of the ARCs and ARBs to abrogate the “onerous contracts” from the former MNE employer. The members led a long protest against the former MNE employer until they succeeded in finding a responsible partner is the implementation of CARP.

FarmCoop also succeeded in gaining economic upgrading. Though it is difficult to measure all the winnings, but these are some observable changes, from an average income below poverty level (from a minimum income of Php 5,000 to 10,000 per year to an average income of Php 300,000 to Php 500,000 per year. Implied economic indicators are: a) from nipa huts to cement constructed houses, b) from commuting or long distance walking to acquisition of motor cycles, from primary and elementary education to secondary and collegiate schooling of ARBs’ children and dependents, from non-paid worker spouses and women to entrepreneurs and paid workers in the packing plants, from no session halls and training centers to the construction/formation of an activity center and multi-purpose halls in the various plantations of ARC members. The construction of packing areas per plantation is also an indication of economic gains. But above all, ARBs were able to pay the land amortization, thus sooner or later, the lands will be fully paid.

The pooling of resources through cooperativism and clustering of ARBs and ARCs have paved the way to resolve the issue of economies of scale in production. With only half hectare to one hectare piece of land, less can be produced. After integrating these small pieces of plantation area, the ARCs succeeded not only in attaining higher productivity but almost perfected the sharing of technology and sharing of experiences,

Cooperative is defined as both an economic and social enterprise. The RBCs and experience of FarmCoop can be cited as a good example of attaining the very vision and spirit of cooperativism. Though the accomplishment and level of satisfaction of its members are still low due to some constraints and limitations of CARP/CARPER, the members would attest that they have gone far enough to prove that they were not mistaken in availing of the agrarian reform program in exchange for their regular employment in the past. Thus, the RBCs and the creativity of the members fulfilled their dreams of being the landowner of the land they till, being the owner of their own business venture and being the consumer of the products they produce that are all deemed to prolong the life of the human beings.

Tables 8 and 9 show the RBCs conducted by Unifruitti. The most exemplary program is the crafting of a new model of Buyer/Seller Contract, also called by others as Purchase Contract or Production Contract. Such contracts have been the contention of almost all ARBs and ARCs involved as growers in the banana industry with pricing of produce as the main issue. The low buying price of former employers of the ARBs or the partner companies in the contract does not suffice the cost of production, thereby leaving the small growers/farmers heavily indebted (non-payment of land amortization of the land with Land Bank and non-payment of inputs from the partner company or other third party suppliers

Other listings showed in Table 8 are the practices common to other companies and earlier classified as “dole-outs” and has no triple down bottom line effect. However, in the Philippine setting where the rural areas are occupied by less/under privileged members of the society, the so- called tribal groups (*lumad* in the local term) or the also called “poorest of the poor”, these simple gestures can help improve the living conditions of the beneficiaries. These includes the construction of school building, the provision of potable water for household use, the construction of passable road, the scholarship program for qualified members of the tribal minorities, skills and entrepreneurship training for the youth are all tagged to be dole-outs. However, the effects can be seen in the long term and be an initial step for the emancipation of the tribal groups from the bondage of being a outskirts in the elitist societal system.

Other RBCs awarded to workers and partner ARBs, like giving of additional compensational benefits can again be classified as an obligation of the company to its workers. However, this scheme has contributed to formation of job security and economic upgrading in terms of income generation. It must also be noted that it is beyond the mandate of the law, CBAs and other social legislation. All other items are company initiated where the basis is the owners' commitment to grow with the workers as the company grows through them.

Tables 8 and 9 also summarizes the RBCs of the Banana Chips Factory.⁸⁷ The company has started as small enterprises, registered as a single proprietor and family managed with some relative hired as part of company operations. After few years of operations, an MNE contracted the company to produce banana chips for exportation to various parts of the world that would be labelled as an MNE product. This led to the idea of producing their own label to penetrate other parts of the world. To date, it has penetrated both the US and European market and continued to gain recognition.

The prospects of producing organic fertilizer and from banana peel and stalks is an ongoing process. The company has invested so much effort and funds to develop the technology. The processing of feed mills from the wastage of banana chips production is also in the pipeline of the company. Such move will also contribute to the production of meat and fish with organic inputs. Also, the company is in search for organically based packaging as an additional program to preserve the environment. Summing up the future plans of the company will surely save the environment for the owners believe in the mission of saving the planet, the people with less preference on the profit. Quoting the owners statement, "We do not want to be publicized for doing our CSR program. It would just like sharing our resources from one pocket, and putting it back to another pocket of ours."

A notable example of RBCs is the accomplishment of TIPC (Tripartite Plus) in the banana industry of Davao Region. (See Annex 4, The Voluntary Code of Practices

⁸⁷ The banana chips factory owner requested not to reveal the real name of the company. They just agreed to write the case study for modelling and sharing their wisdom.

on Decent Work in the Banana Industry). Big and small brothers in the industry jointly forwarded the forming of a code of conduct that could serve as a guide for all its members. Though the agreement was not approved by all growers, still majority participated from the conceptualization to approval. All provisions were culled out from the existing provisions of the Labor Code and Labor Standards. However, the members cited that, the instrument's purpose is to focus on specific provisions for awareness building and for continuous enforcement. However, one limitation is the very nature of the code, that is, compliance is voluntary in nature.

Aside from the Voluntary Code of Good Practices on Decent Work for the Banana Industry players, the TIPC formation have pushed and rallied for the passage of some DOLE issuances to include Issuances on:

- Safety and Health Measures for Workers in the Banana industry (Resolution No. 02 , Series of 2018, Banana Industry Tripartite Industry Council, Davao Region)
- Expansion of the coverage of the Code to include Good Practices on Decent Work & Common Agenda to Non-members in the Banana TIPC
- The BITC Implementation Agenda of 2018

The Tripartite Plus Conference sponsored by ILO (in November 2019 held in Davao City) have reminded the members to be active once more as new set of leaders were elected. DOLE and partner agencies must find a venue where all players can meet together to discuss on how to strengthen the formation. The performance of the new set of leaders, however, remained to be seen.

Table 8. Summary of RBCs and CSRs Culled from the Selected Case Studies: Innovative and Developed for CARP Implementation

DESCRIPTION/ PARTICULARS	CASE STUDIES (implied & observable indicators and projects)				SOCIAL/ECONOMIC GAINS
	TADECO	FARMCoop	UNIFRUITTI	BANANA CHIPS FACTORY	
A. Formation of an innovative scheme of leaseback arrangement of growership (re-inventing AVA) between the ARBs & its cooperatives and the company.	1. Reduction of conflict among the players due to some gray areas in CARP 2. Higher productivity 3. Early detection of fusarium wilt and other banana diseases 4. Presence of sound relationship between and among the players (ARBs and its cooperatives and enterprise management team.	1. Crafting of new forms of contracts which allowed re-negotiation of the price of bananas in accordance with the current market price. 2. Crafting of other contracts needed to support AVA (purchase, selling, production, etc.) that were agreed upon by both parties.	1. Jointly agreed with FARMCoop, in the crafting of new forms of AVA contracts to include change in price. 2. Crafting of other forms of contracts to support the implementation of growership arrangement. 3. Awarding of additional support system to ARBs and its cooperatives other than logistics, e.g. training and development assistance.	1. Provided a stable market for the banana rejects coming from ARBs and small growers at a quite higher price compared to the price of buyers for feed mills production	1. Contributed to the successful implementation of AVA(CARP) lease back contracts & other support system 2. Generation of recommendations that will improve the application of AVA and other contracts. 3. Served as a venue for highlighting the grey areas in CARP, thus, forging a call for amendments in the law. 4. Increase in productivity, & increase in income for all.

Table 8. Summary of RBCs and CSRs Culled from the Selected Case Studies: Innovative and Developed for CARP Implementation

DESCRIPTION/ PARTICULARS	CASE STUDIES (implied & observable indicators and projects)				SOCIAL/ECONOMIC GAINS
	TADECO	FarmCoop	UNIFRUITTI	BANANA CHIPS FACTORY	
B. Practice of Big-Small Brother relations (relationships with the ARBS, cooperatives and other small banana growers in the nearby areas (sharing of information, technical and logistics support, and other developmental assistance)	1. Giving of some logistics and technical assistance in the prevention of banana diseases (particularly, fusarium wilt) to control the spread of the disease. 2. Performing laboratory testing and other services at a reduced cost to small growers in the nearby plantations 3. Sharing of technical information with other small growers.	1. Sharing of information and best practices in organic farming with other non-member ARBs and small growers not only in Davao Region but with other ARCs in Visayas 2. Facilitating the formation of cooperatives with the tribal groups with technical and financial assistance and other support system that will promote organic farming of fruits and vegetables.	1. Sharing of information and best practices to ARCs and ARBs 2. Conduct of training programs on values enhancement for ARCs, ARBs and other small growers.	3. Investing in the conversion of banana peels and stalks to organic fertilizer. Including an investment in R & D, acquisition of land, and future construction of a new plant. 4. Development of new technology on labelling and packaging, and mechanized and less labor intensive production process (except for banana peeling)	1. Upliftment of the social status of ARCs, ARBs and small growers in the banana industry (from low skilled to multi-skilled growers) 2. Ecological gains with the promotion of organic and less chemical growing of bananas and other crops 3. Ecological gains with the production of organic fertilizer 4. Deeper socialization and sound relationships between & among the banana growers and the community as well.

Table 8. . Summary of RBCs and CSRs Culled from the Selected Case Studies: Innovative and Developed for CARP Implementation

DESCRIPTION/ PARTICULARS	CASE STUDIES (implied & observable indicators and projects)				SOCIAL/ECONOMIC GAINS
	TADECO	FarmCoop	UNIFRUITTI	BANANA CHIPS FACTORY	
C. Promotion of “Child Free Labor” and “no contractualization” , sub-contacting, or agency hiring	1. Awarded by DOLE as “Child Free Labor Zone” 2. Non-employment of agency hired or contractual worker for both peripheral and non-peripheral jobs in the production process.	1. The plantation workers are the ARBs themselves. In the event that ARBs need additional labor, help outs are employed and paid either with minimum wage or job order system, with the consent of the cooperative. 2. No employment of child labor as contained in the policies of the cooperative	1. Non-hiring of child labor in the business operations. 2. Contract growers, (ARCs and ARBs) are prohibited to hire child labor	1. Non-employment of child labor within the production process. 2. Relatives and nearby community members are given the first priority in hiring.	1. Economic gains derived from the provision of employment opportunities 2. Compliance with no child labor policy will eradicate exploitation of children 3. Zero contracting out policy can be regarded as social accountability of the enterprise and can be regarded as respect for the labor force

Table 8. . Summary of RBCs and CSRs Culled from the Selected Case Studies: Innovative and Developed for CARP Implementation

DESCRIPTION/ PARTICULARS	CASE STUDIES (implied & observable indicators and projects)				SOCIAL/ECONOMIC GAINS
	TADECO	FarmCoop	UNIFRUITTI	BANANA CHIPS FACTORY	
D. Expansion of business operations, formation of new ventures and adoption of appropriate technology to improve the production processes	1. Construction of the state of the art packing plant to promote conducive working facilities for company workers 2. Formation of company foundation to promote livelihood programs to retired workers and other members of the nearby communities 3. Promotion of zero waste management by utilizing banana waste into by decorative by products	1. Production of banana by-products (organic fertilizer, banana flour from banana rejects, and cacao by-products processing 2. Creation a new business firm (OPEC) to on by-products processing	1. Adoption of appropriate technology to improve the production process of the company and avoid labor – intensive production practices	1. Investment in the conversion of banana peels and stalks organic fertilizer for distribution to its banana suppliers (to include R & D, land and construction of future plant) 2. Investment in R & D in search for the appropriate and eco-friendly packaging materials	1. Zero wastage will lead to production of ecological benefits 2. Processing of by-products will generate additional income and employment opportunities for the nearby community members

Table 9: Summary of RBCs and CSRs Practiced by Banana Industry Players and Being Practiced by Other Growers in the Region

DESCRIPTION/PARTICULARS	CASE STUDIES (implied & observable indicators)				SOCIAL/ECONOMIC GAINS
	TADECO	FarmCoop	UNIFRUITTI	BANANA CHIPS FACTORY	
A. Conduct of training and development programs to enhance the competency of the ARBs, workers and other part takers in the production process	1. Conduct of LMDP and other training programs to all front liners and line managers of the company 2. Joint offering of advance courses in agri-business and agriculture with UP Los Banos (e.g. provision of land and building) and with Israeli Government on onsite technical training	1. Exposure of cooperative officers and staff to training and development on technical, supervisorial and managerial aspects. 2. Offering of scholarships to qualified children of ARBs which will eventually be hired as coop staff upon completion of the selected course	1. Continuous training and developmental programs on technical and operational aspects of production process to qualified members of the workforce 2. Sweeping orientation on values enhancement for all members of the company workforce	1. Regular training and competency building for qualified members of the workforce. 2. Sponsoring entrepreneurship orientation program for workers' spouses and other members of the nearby communities. 3. Conduct of orientation on 'good parenting' for the workers and other members of the nearby community	1. Competency building for the workers and members of the community will lead to social upliftment of the part takers. 2. All related undertakings will cater to further socialization, thus, enhancing better relationship among the part takers

Table 9: Summary of RBCs and CSRs Practiced by Banana Industry Players and Being Practiced by Other Growers in the Region

DESCRIPTION/PARTICULARS	CASE STUDIES (implied & observable indicators)				SOCIAL/ECONOMIC GAINS
	TADECO	FarmCoop	UNIFRUITTI	BANANA CHIPS FACTORY	
B. Awarding of compensation and other benefits over and above the provisions of the Labor Code and other labor policies of the government	1. Provision of medical care and insurance program for all workers and their beneficiaries 2. Awarding of production sharing for all workers and partner ARBs of the company 3. Provision of housing facilities for all qualified workers and home lots for ARBs with initial funds for house construction in the nearby areas of company plant	1. Salaries and wages of hired staff of the cooperative are set beyond the mandated minimum wage law.	1. For the unionized workers, wage and compensation setting is in accordance with the CBA which is over and above the law. 2. ARBs income is dependent on the buying price of the bananas as agreed upon by the ARBs and company based on the existing market price	1. Compensation and other benefits are over and above the provision of the law. 2. Awarding of additional benefits (e.g. rice subsidy for workers with perfect attendance, free snacks and meals during peak season of production.	1. Awarding of compensation and other benefits will enhance social and economic upgrading

10. Conclusion and Implications

10.1 Tagging RBC/CSR as “dole outs”, traditional or innovative in nature is a premature perspective and uncalled for. In walking through the various definitions, to include the very own definition of ILO on RBC/CSR, nothing is written in relation to this classification. Therefore my first conclusion is that, in analysing RBC/CSR this notion of tagging must be eradicated. Furthermore, to say that employment generation, community assistance and extension projects, training and development, and the like, are dole-outs and have no effect on the promotion of decent work is a sweeping and a fallacy conclusion. As such, Tables 8 and 9 presents all the RBCs/CSR programs that the subject companies have launched and implemented. (Also refer to the respective case studies written for six companies for further discussion.) From the recorded practices, it can be ascertained that simple act of helping/assisting a worker, an organization or a community will eventually transcend into a program that will upgrade or make a change in social or economic condition of the beneficiaries.

10.2 The generation of “triple bottom line effect” and enhancement of social and economic upgrading to promote decent work agenda through RBCCSR in adherence with MNE Declaration cannot be met without a thorough understanding and commitment to the said Declaration. It is sad to say that the ~~key informants and participants~~ during the FGDs and small group discussion are not aware of the existence of the MNE Declaration. ~~How can an instrument for change be implemented and analyzed when it is not known and understood in the first place.~~ Change towards social and economic upgrading cannot be done or dictated overnight. Change is a process that requires symbiotic efforts of both implementers and beneficiaries. It is for this reason that communication strategies should be developed in stages, depending on the readiness and preparedness of the stakeholders.

10.3 There is a need for a clear definition and common understanding of the terms, “economic and social upgrading. Multiple interpretations may lead to confusion, biases, and unacceptable judgement, thus affecting the delivery

and assessment of a specific undertaking. In the same manner, there is no perfect way of drawing the demarcation line between social and economic upgrading as the processes are interconnected with other. A social upgrading may lead to economic upgrading and vice versa. Thus, it is appropriate and advisable to be guided with the working definitions and framework of ILO and its related studies. Barrientos et. al. (2012) cited that “social upgrading is framed in ILO’s Decent Work Agenda, as an undertaking which encompasses employment, standards and rights at work, social protection and social dialogue”.⁸⁸ The authors also highlighted that, economic upgrading “is the process by which economic actors – firms and workers – move from low-value to relatively high-value activities in global production networks” and social upgrading (Rossi, 2011).⁸⁹ Implementers and evaluators must be guided accordingly with these working definitions.

10.4. The recorded innovative RBCs/CSR developed for the implementation of CARP in the case studies were crafted and formed out of need to make the enterprise survive, and based on the own free will and wisdom and commitment of the owners and management staff to serve its workers, clientele, and the community where they operate. As observed, participants and key informants and interviewees were amazed to learn that their RBC/CSR programs is in adherence with the stipulations of the MNE Declaration. This finding must be tapped as an opportunity to orient, re-orient, and conduct massive information campaign for developing enterprises that are MNE Declaration compliant.

All these discussions point to a poor communication, dissemination and feedback analysis on the part of concerned local government agencies and ILO itself. Any program or need for action and change needs to develop strategies that will be effective in attaining objectives. The failure of many projects and programmes

⁸⁸ Cited in an ILO publication by Barrientos S., et. al. Capturing the Gains: Economic and Social Upgrading in Global Production Networks: Developing a Framework for Analysis (2012). Retrieved from: capturingthegains.org/pdf/ctg-wp-2010-03.pdf

⁸⁹ Cited in an ILO publication by Barrientos S., et. al. Capturing the Gains: Economic and Social Upgrading in Global Production Networks: Developing a Framework for Analysis (2012). Retrieved from: capturingthegains.org/pdf/ctg-wp-2010-03.pdf

especially those of the government and funding agencies is, in part due to strategies that are vertical, top to bottom, with the thinking that those on the higher echelons are more knowledgeable. That perspective and attitude which was prevalent before the 1970s' development programmes and projects, changed with the realization of social scientists that there should be two-way communication and understanding, and that getting feedback⁹⁰ is important to the sustainability of any undertaking.. Studies in the social science programs in communication, social work, and even advertising and marketing, have shown that it is crucial for the people or beneficiaries be given a voice. After all, it is them whose lives will be affected.

11. Recommendations

The need for change and development in the agri-business industry, particularly in the Cavendish Banana industry is urgent. The identified devastating obstacles (fusarium wilt/TR4, climate change and the very stiff competition in the market) pose challenges that need to be addressed collaboratively. It is imperative to observe these two sayings, “no man is an island”, and “it needs all to tango”. As such, the following are recommended to successfully resolve the identified obstacles and address the challenges;

11.1 For Government and its concerned agencies

There is a pressing need for a comprehensive evaluation on the implementation of Department orders, labor laws, labor standards and other related policies on labor relations. Strong political will must be practiced in giving sanctions to violators. This is needed to ensure that decent work agenda will be attained. Continuous monitoring is recommended for programs and projects established and facilitated by DOLE. In the case of Tripartite Plus formation in Davao Region, what is needed

⁹⁰ Black, P. & Wiliam, D. Assessment and classroom learning. *Assessment in Education: Principles, Policy & Practice*, 1998., 5(1), 7-74. Retried

from:<http://dx.doi.org/10.1080/0969595980050102> &

Ilgen, D. R., Fisher, C. D. & Taylor M. S. (1979). Consequences of individual feedback on behavior in organizations. *Journal of Applied Psychology*, 64, 349-371. Retrieved from <http://psycnet.apa.org/psycinfo/1980-28998-001>

is constant follow-ups and monitoring on the implementation of the duly agreed Voluntary Code of Discipline on Decent Work. Creating a venue for election of officers and planning once a year is not enough. Key leaders and member organizations must be guided accordingly.

Research initiatives and undertakings to counter act Fusarium wilt. TR4 must be coordinated. Positive results of experimentation must be disseminated to all concerned stakeholders. Information and appropriate technology to combat fusarium wilt must be cascaded to all stakeholders with corresponding technical assistance. DA-BAR must also be abreast and keep informed of the outputs of researches done by other parties (scholars from academic institutions and other experts in the field).

On resolving flaws and shortcomings of CARP, DA must spearhead the conduct of continuous social dialogue with ARCs, ARBs, enterprises and other formal and informal networks to solicit workable solutions and recommendations. There is a very rich information and practices (RBCs/CSR) jointly developed by enterprises and ARCs that must be echoed to other stakeholders with similar conditions.

11.2 For International Organizations, Funding Agencies and its Implementers

The decent work agenda of ILO must be popularized. It is recommended that the findings of the three studies be disseminated to all stakeholders (union leaders, cooperative leaders, concerned government agencies, enterprises' owners and management teams, members of the law making bodies and other implementers) through different forms such as social dialogue, print and social media. The findings should be presented in popularized form for the less educated such as comics, radio dramatization, and TV interviews, among others. Forms should differ according to the different segments of the stakeholders. These will also help agri-business industry to improve and survive the global competition. For after all, the enhancement of growth and survival of the agri-business industry is the only way to put an end to countryside's poverty.

This study is just an initial and exploratory undertaking of assessing the status of the labor relations system in the Cavendish banana industry. ILO must conduct a follow up research focused on assessing the impact of Fusarium wilt and climate change in the banana growing in relation to the implementation of the decent work agenda by measuring the quantitative effect on the key stakeholders (workers, ARBs/ARCs and the enterprise itself). The suggested methods must include the application of survey questionnaire, FGDs, and key informant interviews with at least 3 MNEs, 3 small growers, 3 cooperatives, 3 big local companies, and the concerned not for profit organizations (PBGEA, MBFEA, BIDC) and government agencies (DA, BAR, DOLE) and other institutions (from the academe and research institutions and enthusiasts) conducting researches on Fusarium and climate change to be able to derive valid and verifiable data. This initiative will also create a venue for orienting and popularizing the MNE Declaration to all stakeholders while at the same time pushing for its implementation in a discrete mode without pushing and demanding for strict compliance. This will also help create a network for coordinating researches (done locally and from other foreign players) which will generate an exchange of information. In presenting the result of this study, the objective must also be directed to the Tripartite Plus formation to influence the inclusion of the concerns on fusarium wilt and climate change as another agenda for crafting a second voluntary code of agreement.

ILO must also create a venue for echoing successful undertaking of other UN agencies and its implementers. Though the proposed integration of free trade with social clauses is now a debate among the key players in the world of business, the FAO report (2011) is a recommendable reference while looking through the mirror of improving and sustaining growth in the banana industry. Most important, it includes the agenda on how to provide adequate protection of workers in an environment where trade has been liberalized. It must be noted that the failure of AVA is rooted on the pricing of produce. As such, other ARCs who remained to suffer in the old contracts may be benefited.

11.3 For MNEs and other enterprises

MNEs, local big companies and small enterprises must have a common mindset of saving the banana industry. For those who remained to practice adversarial relationship with their workers and unions, and partner ARBs, please be reminded that the organization cannot exist them. Symbiotic relations must be nurtured. At the minimum, giving up some areas of the much cherished management prerogative is the key for peaceful co-existence. Advantages of hardline stands on suppressing workers' rights to collective bargaining, representation and defiance of court orders is only temporary and long term results may also bring damage to the firm's continuous operations. Hiring through an adaptation of new employment patterns in the long run will turn to be more expensive than maintaining and investing on training and development for regularized workforce. The continued practice of new employment patters which circumvent labour laws and standards will entail high-levelled risks taking and will result to workers' frustration and disappointment. It has to be remembered that "chaotic relationships" "bad unions" are outputs of workers dis-engagement and dissatisfaction. Compliance with the provisions of MNE Declaration is a practice that will promote genuine partnership, and sound relations between and among the key players in labor relations.

11.4 For ARCs/ARBs and partner peoples' organizations

Forming new business ventures other than cooperatives can help promote networks in the market. The experience of FarmCoop in organizing OPEC as its marketing arm is worth citing. The new business venture functions as a business entity that will explore and tap market opportunities, process the rejects from the farm and in the long run facilitate the execution of the plan for product diversification. The future of the banana industry is not certain amidst the presence fusarium wilt and climate change. Product diversification by planting other fruit bearing trees and product differentiation must be in the mindsets of ARCs/ARBs. There is a need to tap experts from government agencies (DOST, DTI, academic institutions, etc.) who can assist the organization in planning future projects and evaluation of current operations as well as technical information for product development. As openly admitted by ARBs, they lack managerial and supervisorial competencies for they

were trained for a long time as workers and mere followers. ARBs must always remember that the land awarded to them through the implementation is a result of a protracted struggle, hardships and sacrifices. Mindsets should be focused on maximizing and preserving the agriculture lands in their possession, for it is an output of their un-wavering and never-ending plight for peasants' emancipation from the bondage of poverty.

11.5 For other market forces to include not for profit organizations

With the pressing issues in the global market related to competitiveness, presence of fusarium wilt, and effect of climate change, and other challenges, all stakeholders must establish a strong network of formal and informal forces that will put the teachings of collaborative governance in action. Sharing of expertise, and appropriate information and technology on how to combat fusarium wilt save the entire industry and in the long analysis will save the lives of mankind. The presence of not for profit organization in the Cavendish banana industry, e.g. BPGEA and MBFEA, and other NGOs have proven to be effective in resolving issues arising from marketing, trading and exploring opportunities in the global market. These organizations have also created a venue for sharing expertise, experience and information in combating fusarium wilt and other diseases affecting the industry.

The call for collaborative governance was contained in the implementation of CARP. However, the failure of AVA, the mounting cases filed in courts, and the unresolved flaws and shortcomings caused by unclear stipulations are evidences of non-committal to collaborative governance. The RBCs/CSR programs launched by FarmCoop, Unifruitti, Tadeco and Banana Chips Factory are reflective of collective governance in practice. Consultation, facilitation, bargaining, information dissemination, sharing of appropriate technology for increasing productivity and measures to avoid fusarium wilt, and other forms of social dialogue are the key ingredients in putting collaborative governance in action.

The economic upgrading from these RBCs cannot be measured instantly because some results are implied and cannot be observed overnight. The same is true for assessing the social upgrading, since the results are behavioral in nature and

cannot be ruled out by a short research engagement. Thus, it is recommended there is a need to conduct further studies to measure and assess social and economic gains from CARP implementation in the Cavendish banana growing. As the problem of inequitable distribution of land in the country cannot be resolved by just a single program like CARP, the impact of programs on decent work promotion cannot be assessed by a single research. The same is true for assessing the effect of the MNE Declaration. In the first place, the stipulations of the Declaration are still aliens in the ears and eyes of the major players in the Cavendish banana industry.

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