

# Impacts of Agrofuel Investments in Mindanao

Alternate Forum for Research in Mindanao (AFRIM), Inc.  
21 September 2011



# AGRO-INVESTMENTS IN MINDANAO FOR BIOFUEL FEEDSTOCKS (DA -PADCC ACCREDITED) *as of 2 December 2009*

**ISABELA ALCOGAS CORPORATION**  
Sugarcane for Bioethanol  
Misamis Oriental  
20,000 hectares

**ALSONS POWER**  
Cassava for Bioethanol  
Misamis Oriental  
8,000 hectares

**PNOC – ALTERNATIVE FUELS CORPORATION**  
Jathropa for Biodiesel  
Bukidnon & Misamis Oriental  
10,000 hectares

**BASIC ENERGY**  
Sugarcane for Bioethanol  
Zamboanga del Norte  
10,000 hectares

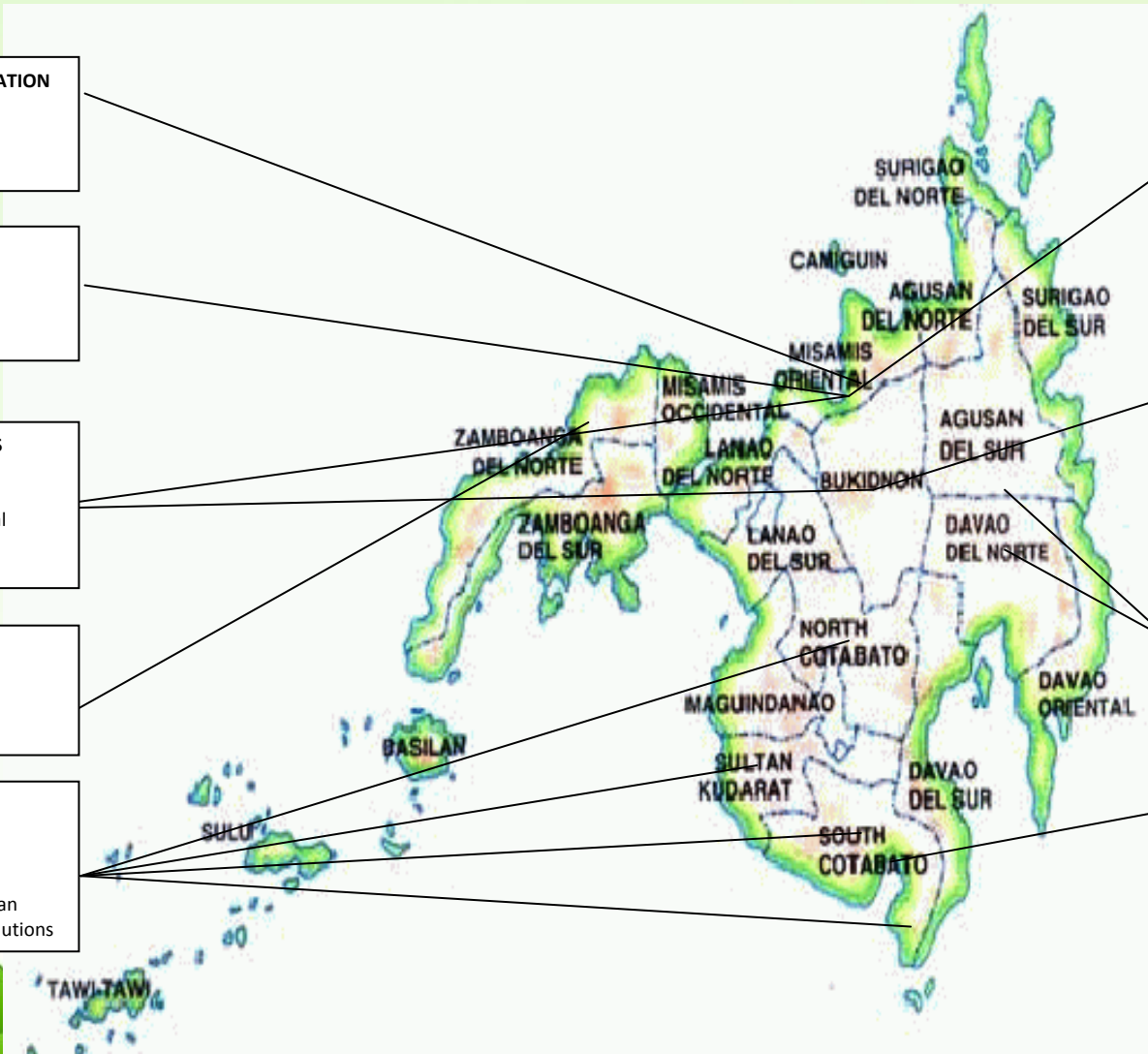
**ECO-GLOBAL BIO OIL**  
Jathropa for Biodiesel  
Provinces of Region 12  
100,000 hectares  
Partnership with South Korean  
biodiesel producer – ECO Solutions

**ABUNDANT BIOFUELS CORPORATION**  
Jathropa for Biodiesel  
Cagayan de Oro  
100,000 hectares

**SOUTHERN BUKIDNON BIOENERGY**  
Sugarcane for Bioethanol  
Bukidnon  
2,000 hectares

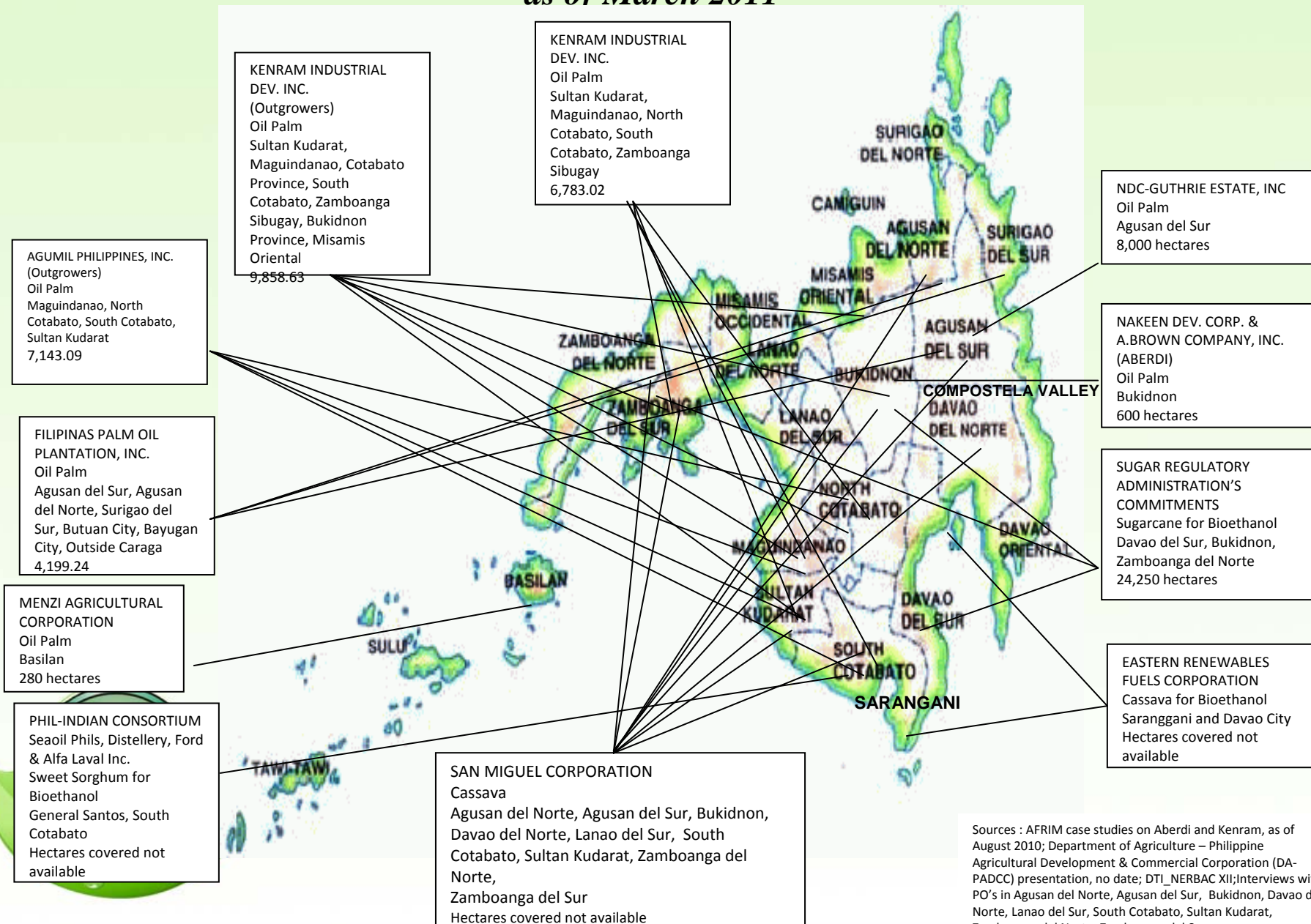
**GUIDANCE MANAGEMENT CORPORATION**  
Oil Palm for Biodiesel  
Compostela Valley & Davao Province  
30,000 hectares

**PNOC – ALTERNATIVE FUELS CORPORATION**  
Jathropa for Biodiesel  
General Santos City  
30,000 hectares



Source: Department of Agriculture – Philippine Agricultural Development & Commercial Corporation (DA-PADCC), 2009  
 Note: The DA's role as per IRR of RA 9367 – The Biofuels Act of 2006 is to ensure increased productivity and sustainable supply of biofuel feedstock. It institutes a program – The Biofuels Feedstock Program, that would guarantee a sufficient feedstock supply that is allocated for feedstock production. If the area of the Independent Biofuel Feedstock Producer exceeds twenty five (25) hectares, either contiguous or fragmented, it is required to secure a DA certification (DA-PADCC, 2009)

# AGRO-INVESTMENTS IN MINDANAO FOR FOOD AND BIOFUEL FEEDSTOCKS *as of March 2011*



Sources : AFRIM case studies on Aberdi and Kenram, as of August 2010; Department of Agriculture – Philippine Agricultural Development & Commercial Corporation (DA-PADCC) presentation, no date; DTI\_NERBAC XII; Interviews with PO's in Agusan del Norte, Agusan del Sur, Bukidnon, Davao del Norte, Lanao del Sur, South Cotabato, Sultan Kudarat, Zamboanga del Norte, Zamboanga del Sur

**BOI-registered Investments in Agrofuel  
Industry in Mindanao  
as of April 2011**



<b>Company</b>	<b>Investment<sup>1</sup> (PMillion)</b>	<b>Partner / Nationality</b>	<b>Component</b>	<b>Location, by region, by province</b>
<b>Basic Ecomarket Farms, Inc. (subsidiary of Basic Energy Corp. formerly Basic Petroleum Corp)</b>	50,000	Nexum Energy Corp () and MAN Ferrostaal Industrieanlagen GmbH (German)	Cassava Granules	Region 9 – Zamboanga del Norte- Gutalac
<b>South Bukidnon Bioenergy, Inc.</b>	4,080	Subsidiary of Bronzeoak has tie up with ThomasLloyd Group, Swiss-German	150,000 liter/day ethanol plant	Region 10 – Kibawe, Bukidnon
<b>A Brown Energy and Resources Dev, Inc.</b>	50	Subsidiary of A Brown Company, Filipino	Producer of crude palm oil for local market	Region 10 – Misamis Oriental
<b>Bioenergy 8 Corp. (affiliated with Flying V)</b>	50	Flying V, Filipino	Biodiesel production (30 mil liters)	Region 11 – del Sur
<b>Agumil Phil, Inc.</b>	432	75% Filipino 25% Malaysian	Export producer of crude palm oil Palm oil (46,550 tons)	Caraga – , Agusan del Sur
<b>Filipinas Palmoil Plantation, Inc.</b>	311	65% Filipino 35%	Palm kernel (11,130 tons) Palm Oil (6,500 tons) Palm olein (15,000 tons)	Caraga – , Agusan del Sur
<b>CARAGA Oil Refining, Inc.</b>	231		Palm stearin (4,500 tons) Palm fatty acid Distillate (1,300 tons)	Caraga Rosario, Agusan del Sur

Source: Board of Investments (BOI) covering 2006-2010; shaded portion is from company website and press releases.

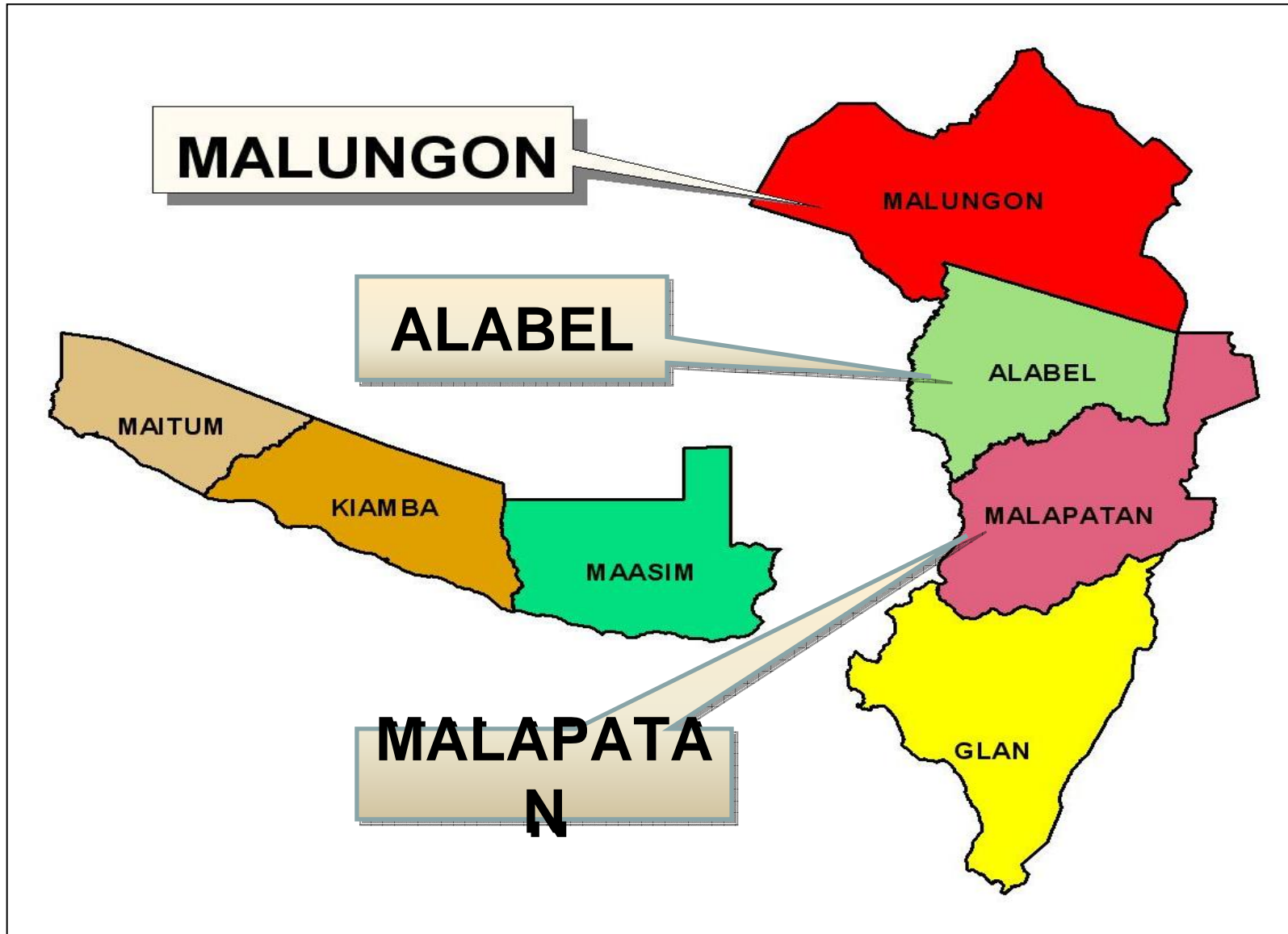
# Case Study:

Effects of Land Conversion for Agrofuel Production in Conflict –  
vulnerable Communities in Mindanao by AFRIM  
A Sarangani Province Experience  
March 2011





# Sarangani Province



# Major Population and Ethnic Groups, per Municipality

Municipality	Major Groups	Minor Groups
Alabel	Cebuano	B'laan, Maguindanaon, Tagakaolo and Kalagan
Glan	Cebuano	B'laan, Maguindanaon, Hiligaynon (Ilonggo), Aklanon
Kiamba	Cebuano, T'boli, Ilocano,	Maguindanaon, Sangil, Hiligaynon (Ilonggo)
Maasim	Cebuano, Boholano and Hiligaynon (Ilonggo)	Maguindanaon, Maranao Manobo, B'laan and T'boli
Maitum	Ilocano	T'boli
Malapatan	B'laan, Cebuano	Maguindanaon
Malungon	Cebuano, B'laan	Hiligaynon (Ilonggo), Tagakaolo





# Land Area

Municipality	Area (sq. km.)	Area Percentage (%)	Rank
Alabel	510.98	12.82%	4 <sup>th</sup>
Glan	697.60	17.50%	2 <sup>nd</sup>
Kiamba	432.10	10.84%	6 <sup>th</sup>
Maasim	500.42	12.55%	5 <sup>th</sup>
Maitum	324.35	8.14%	7 <sup>th</sup>
Malapatan	624.56	15.67%	3 <sup>rd</sup>
Malungon	896.63	22.49%	1 <sup>st</sup>
<b>SARANGANI</b>	<b>3,986.64</b>	<b>100%</b>	



# Entry of the Agro-fuel Companies

Municipality	Company	Date of Entry	Status
1. Alabel	Eco Global Bio-Oils, Inc.	2007	Stopped operation
	Curcas Oil Philippines, Inc.	2010	Assumed some of the bearing plantations; Operating
2. Malungon	Eco Global Bio-Oils, Inc.	2007	Stopped operation
	Philippine National Oil Company Alternative Fuels Corporation (PNOC-AFC)	2008	Stopped operation
	Curcas Oil Philippines, Inc.	2010	Same with Alabel.

# Entry of the Agro-fuel Companies

Municipality	Company	Date of Entry	Status
3. Malapatan	Eco Global Bio-Oils, Inc.	2007	Stopped operation
	Curcas Oil Philippines, Inc.	2010	Assumed some of the bearing plantations; Operating

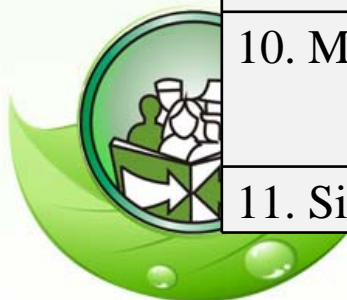
# Agro-fuel Crop: *Jatropha curcas*



SCIENCEPHOTOLIBRARY

## Eco Global Bio Oils Areas of Operation, Alabel, Sarangani Province, November 2008 Study

<i>Sitio/Owner/Location</i>	<i>Area (in has.)</i>	<i>Status/Remarks</i>
<b>ALABEL</b>		
1. Sitio Banban, Brgy. Spring	50	Planted
2. Sitio Nop, Brgy. Spring	30	Planted
3. Ambush Site, Brgy. Spring	200	Planted
4. Sitio 3B, Brgy. Pag-asa	70	Planted
5. Sitio Proper, Brgy. Pag-asa	150	Planted
6. Sitio Moleng, Brgy. Alegria	1	Bearing
7. Brgy. Paraiso	2	For Rehabilitation
8. Prk. 6, Brgy. Baluntay	60	Nursery
9. Buday Family, Brgy. Baluntay	42	Planted
10. Masalon Clan, Brgy. Tokawal	90	Planted Stop Operation by 7/17/08
11. Sitio Blao, Brgy. Domolok	25	Started Planting



## Existing *Jatropha curcas* Plantation in 3 Municipalities March 2011 Study

Areas	Planted <i>J. curcas</i> (in has.)	Status
<b>1. Alabel</b>	No exact data. No survey conducted.	With existing plantations. Some for rehabilitation and maintenance.
<b>2. Malungon</b>	200 has. (Tolentino Clan, Brgy. Nagpan) 30 has. (Brgy. Tampal) Un-surveyed plantations in Brgys. Atlae and Kiblat.	Existing plantations needs actual survey.
<b>3. Malapatan</b>	Est. 20 has.	Existing





# The Companies

Company Name	Local Company Name	Year Plantation/ Operation Started	Status & Facts
<b>1. Eco Global Bio Oils, Inc. (EGBO)</b> Nationality: Korean	Eco Global Bio Oils, Inc.	2007	Stopped Operation; Abandoned plantations.
<b>2. Philippine National Oil Company – Alternative Fuel Corporation (PNOC – AFC)</b> Nationality: Filipino	PNOC – AFC	2008 - 2009	Stopped Operation; Abandoned the assumed plantations.



# The Companies

Company Name	Local Company Name	Year Plantation/ Operation Started	Status
3. <b>Curcas Oil N.V.</b> Nationality: Dutch (The Netherlands)	Curcas Oil Philippines, Inc. (COPI)	January 2010 - present	Operating



# *Facts on Curcas Oil Phils. Inc.:*

## **Local Plant**

- The company has an existing Plant located in Mabuhay-Cannery Road, Brgy. San Isidro, GSC
- The plant was already granted with ECC.
- Started operation last May 2010.
- Plant Rental: P68K/mo.
- With 4 big and 3 small grinding machines in the plant. Big machines can squeeze 24 tons of seeds in 24 hrs. while small machines can squeeze 1 ton of seeds in 24 hours.
- Plant Oil Deposit: with existing 9 tons of oil ready for shipping to Thailand or Netherlands for further refinement process.



# *Facts on Curcas Oil Phils. Inc.:*

## **Management Issues**

- The company is currently facing labor suits due to unpaid wages of workers brought by problems at top management.

## **Problems Encountered**

- Low supply of seeds is one of the problems of the company.



# *Facts on Curcas Oil Phils. Inc.:*

## **Expansio**

- ➔ COPI is planning to expand plantation of jathropa in the area.
- COPI has existing sources of jathropa seeds in So. Cot., North Cot. and Maguindanao.
- Jatropa Oil processing plants are planned to be set up in Alabel and Malungon, S.P.
- COPI is also planning to engage in oil palm plantation. Alabel has been identified as the location for the proposed palm oil manufacturing plant.



## **LGU and Other Support Programs**

- The company gave .5M to LGU Malungon Nutrition Program and 1M to Pacquiao Foundation.

# *Facts on Curcas Oil Phils. Inc.:*

## **Production & Pricing**

- Local Oil Price: 1 Ton = P37,000.00 (depends upon value of Php currency)
- International Price: No Data

Note:

1 kg. seed has 27-28% oil content.

1 ha. = 1,600 hills = 320,000 kgs. of dried seeds.





# Target Areas and Expansion Areas

There are Jatropha plantations present in some barangays of General Santos City (Lanton, Sinawal, San Isidro, Conel and Calumpang) and in Colon, Maasim, Sarangani Province.

The company is serious in expanding Jatropha plantations in SOCSARGEN and as far as Maguindanao, ARMM.



# Protocols

The companies applied quite the same strategies in entering the community. The following are the processes applied:

1. Courtesy call to the Mayor.
2. Conduct of a half to 1-day orientation regarding the company and the project in the community.
3. Direct dialogue and negotiation with the farmers.



# Agreements between the Farmer/Community and the Company

Company	Agreements
<b>1. Eco Global Bio Oils, Inc. (EGBO)</b>	Joint – Venture Agreement (25 years) Provision of seedlings, farm implements, fertilizers and trainings. Selling Price of dried seeds: P2.00 – P2.50 / kg. Land Owners are hired as Area Supervisor with P5,000 monthly salary. Farm Labor: P100 / head
<b>2. Philippine National Oil Company – Alternative Fuel Corporation (PNOC – AFC)</b>	Land Lease: P1,700 / ha. Labor: P100/ head/day Only 37 has. in Malungon was assumed by the PNOC.
<b>3. Curcas Oil Philippines, Inc. (COPI)</b>	Land Lease: P1,000 / ha. Maintenance, rehabilitation, planting: P1,700 / ha. Provides sprayers, grinding machines, plastic containers for fertilizer application and fertilizers.

# Farmers Agreement with their Tenants

Agreement	Options
1. With Jatropha	<ul style="list-style-type: none"><li>➤ Intercropping with agricultural crops is allowed while the plant is still young. If the plant matures, the tenant will have to leave and look for other areas to be tilled.</li><li>➤ If the tenant agrees to manage the jatropha farm, a “tertia” sharing will be done. This means, 2/3 of the profit will go to the tenant while 1/3 for the landowner. With a minimal profit of P2.00/kg and doubts of optimal harvest, tenants do not agree with this and forced to vacate the land.</li></ul>
2. Without Jatropha	<ul style="list-style-type: none"><li>➤ The tenant will have to vacate the land, provided an ample time will be given to the tenant to plant and harvest for 3 consecutive croppings without any shares for the landowner. The tenant may opt to leave and transfer to other areas, with the same landowner, and no share will be given to the landowner in the 1<sup>st</sup> cropping period.</li></ul>



# Impacts of Agrofuel Production on Land Conversion and Farming Communities

1. Agrofuel plantation rids of problems associated with food crop farming.
2. Engagement in agrofuel results to financial gains and employment to farmers.
3. With increase income, there is less economic pressure on families and women especially.
4. Agrofuel production gives farmers and landowners an option for them to till their land that are either idle or have been unproductive for a certain period of time.
5. Agrofuel production has a built-in capacity to displace people both psychologically and economically.



# Impacts of Agrofuel Production on Land Conversion and Farming Communities

6. Agrofuel production threatens agriculture and food security.
7. Benefits derived from agrofuel plantation may not be sustainable in the long-term.
8. Farmers locked in long-term lease agreements with companies found themselves in difficult situations. There is evident lack of transparency of contracts, accountability of companies and an alarming rate of which contracts are breached.
9. On gender issues and VAWC, no significant incidences of violence have been reported. Men are asked to do most of the manual labour, while women assist in bagging and during harvesting.





## Other Issues

1. Low buying price of *J. curcas* seeds. Uncertain market.
2. Weak governance of the company in dealing with the community/farmers appropriately (*practice of transparency and accountability*).
3. Absence of alternative livelihood available for farmers.  
(Fruit-bearing time is 7-9 months: 1<sup>st</sup> cropping)
4. Need for vast areas to reach optimum production.



# Lessons Learned

1. Transparency
2. Company accountability
3. Strengthen legal institutions
4. Financial availability
5. Realistic Targets
6. Establishing safeguards



**Daghang salamat!**

