

# Land distribution turns landless community into organic farming cooperative

The Philippines embarked on a comprehensive Agrarian Reform Programme in 1981, set to redistribute 8.1 million hectares of land. Three years later, following land reforms, the Pecuaría Development Cooperative Inc. (PDCI) was established in Lanipga, Bula, a municipality in the province of Camarines Sur. In this period, 817 hectares of arable land were made available for the cooperative's 426 members by the Philippine government. Due to PDCI's hard work and strategic partnerships, effectively enhancing organic agriculture processes and supply chains, the small producers have seen their quality of life and farming capacity improved, their incomes increased and the environment sustained.

## PRINCIPAL ORGANISATIONS INVOLVED

Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA)  
Pecuaría Development Cooperative Inc. (PDCI)

## LOCATION

Barangay Lanipga, Bula, Camarines Sur, Philippines

## TIMELINE

1988–present

## TARGET AUDIENCE

Governments, farmers' associations, land rights movements

## KEYWORDS

Agrarian Reform, cooperativism, conflict resolution, strategic partnerships, supply chains

## GOOD PRACTICES

Towards making land governance more people-centred

This case study is part of the ILC's Database of Good Practices, an initiative that documents and systematises ILC members and partners' experience in promoting people-centred land governance, as defined in the Antigua Declaration of the ILC Assembly of Members. Further information at [www.landcoalition.org/what-we-do](http://www.landcoalition.org/what-we-do)

This case study supports people-centred land governance as it contributes to:

- Commitment 1            Respect, protect and strengthen the land rights of women and men living in poverty
- Commitment 8            Ensure that processes of decision-making over land are inclusive

# Case description

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## Background issues

After four centuries of Spanish and then American colonial rule, in the late 1940s the agrarian system in the Philippines bore a close resemblance to the Latin American model, with a high concentration of land under feudal-style haciendas and modern capitalist plantations, and widespread landlessness among the rest of the population. The various land reforms of the 20th century were not as successful in lifting the rural population out of poverty as the land reforms in Japan, South Korea, Taiwan, Vietnam or China (ILC, 2013).

Following the new Constitution in 1987, the 1988 Comprehensive Agrarian Reform Program (CARP) aimed at reforming the tenure of 8.1 million hectares of land by granting 25-year user rights for occupants of inalienable forest lands (4.3 million hectares) and through redistribution of ownership of agricultural lands (3.8 million hectares). The Department of Agrarian Reform (DAR) took care of distributing private lands, with a ceiling of five hectares, and the Department of Environment and Natural Resources (DENR) oversaw the redistribution of public lands. Implementation of CARP has been slow and cumbersome; the initial ten-year period has been extended twice already. While most of the redistributed land was public, private lands were offered for voluntarily sale. This has left most of the large private landholdings intact, with owners resistant to reforms.

After the approval of the CARP in 1988, the owners of the 817 ha estate Unión Agrícola y Pecuaria del Sur de Luzon in Bula, Camarines Sur, offered their estate for sale to the DAR. The DAR identified former farm workers who had tilled the land of the estate before 1985, when it ceased operation, as potential beneficiaries of land redistribution. Among the various peasant groups claiming the area were the Pecuaria Employees and Farmworkers Association (PEFWA), the Federation of Free Farmers (FFF), and other farmers from nearby villages of Lanipga, Pawili and Fabrica. These competing groups claimed to be the genuine farmers and workers of the estate, generating a conflictive situation.

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“What the Pecuaría farmers did is a clear and doable example of what collective farmers’ action can do: secure tenure on the lands they till, bring the land to more productive use, help raise family income, contribute to development in the community, and help raise national awareness on sustainable agriculture.” - **Ireneo Cerilla, PAKISAMA immediate past President, 2017**

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## Solution

PAKISAMA, a national confederation of farmer and fisherfolk organisations, was invited to help mediate between the competing groups. A peace council was created and the groups were consolidated into one farmer coalition called People’s Coalition for Unity and Agrarian Reform Integration Action (Pecuaría). Officially registered in April 1991, the coalition counted 426 households, all of which became beneficiaries of land redistribution.

The coalition then established the Pecuaría Development Cooperative Inc. (PDCI), which was registered at the Philippine Cooperative Development Authority a few months later. The households of the PDCI agreed to split the 817 ha in both communal and private areas: farm lots of 1.7 ha for each household, 25 ha for home lots, 15 hectares for a training center, 1 ha for the school site, 6 ha for commercial sites, 5 ha for a plant site, 12 ha as a reserve, and 16 ha for roads and other communal spaces. Throughout the following decades, PDCI concentrated on producing, processing and marketing organic rice. In 1997, PDCI earned the official organic rice certification from the Organic Certification Center of the Philippines (OCCP).

Today, PDCI count with multi-million pesos assets (warehouse, rice mill, irrigation facilities, stores), a staff of 30 people who run the cooperative operations, and fields for organic rice that have expanded to include eight other nearby towns. Sales of organic rice increased from 14 tons in 2002 to over 680 tons in 2015. The land redistribution and the development of the cooperative have significantly improved the quality of lives and increased the incomes of the households that originally benefited from the CARP in 1991, especially the organic rice producers among them.

## Activities

In 1988, Hacienda Pecuaría landowners voluntarily applied for the Comprehensive Agrarian Reform (CARP) through an offer to sell to the Department of Agrarian Reform (DAR). However, a conflict over the ownership of the vast pastureland arose in 1989. Among the various peasant groups claiming the area were the Pecuaría Employees and Farmworkers Association (PEFWA), the Federation of Free Farmers (FFF), and other farmers from nearby villages of Lanipga, Pawili and Fabrica.

After resolving the conflicts between different farmer beneficiaries of the land, Pecuaría Development Cooperative Incorporated (PDCI) was established and registered in the Philippine Securities and Exchange Commission (SEC), with 426 agrarian reform beneficiary households. The Catholic Church of the Diocese of Caceres collaborated with PDCI to facilitate dialogue and unity among producers in the community.

With the help of government agencies, funding agencies and NGOs, PDCI committed to build the aptitude of the organization and its member families towards a productive and sustainable community, through a principled partnership and efficient organization and farm resources management.

PDCI diversified its use of assets (including lands) and forged new partnerships with key institutions. In this way, the cooperative was able to unite producers, invest in modern facilities and open new credit lines and markets for its products. The organisation also provided technological and entrepreneurial trainings, basic infrastructure support and social services to its members.

To improve the production processes, PDCI partnered with the Department of Agrarian Reform and the Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHARRA). After three years, the cooperative’s policies began to bear fruit. Having received the titles to their lands, the cooperative’s farmers split into five main production units to avoid competition over the same products. These clusters specialized in different farming products, such as sugar and rice.

During this period, PDCI farmers began experimenting with growing organic rice and improving production processes and supply chains – including establishing a bio-organic fertilizer processing plant, building a rice-mill, renovating irrigation canals and paving roads to major trade centers.

A new period of prosperity began in 1994, when the cooperative expanded its engagement with key partners within the community and the industry. Working with PAKISAMA and others, PDCI was able to lobby relevant government agencies, win major legal concessions and open credit lines for producers.

A turning point was reached in 1999, when the cooperative collaborated with the Partnership for Development Assistance in the Philippines, Inc. (PDAP) – a consortium of the Philippine and Canadian governments. A new farming method was provided by PAKISAMA, which then was a member of a broad national coalition called MASIPag, an organization of farmers and scientists that develops agriculture in the Philippines. The MASIPag Rice Technology (MRT)<sup>1</sup> is a farming method that does not rely on chemical fertilizers; this technology utilizes a rice variety's natural ability to thrive and soil quality maintenance methods. Working with PAKISAMA,<sup>2</sup> PDCI implemented this new technology systems in 86 of its farms and further innovated, especially in producing commercial rice seeds, departing from the strict MASIPag guideline.

The cooperative made further improvements. For example, PDCI traded a volume of 14.2 metric tons (MT) of rice with its main distributor in 2002 (worth approximately PHP12.9 million or US\$ 302,000). By 2011, that reached 486 MT. As of 2012, the cooperative not only created the opportunity for rice farmers in Bula to unite; the farmers' cooperative also developed producers' capacity to strive in a fast-changing and competitive global economy.

To break into new markets with quality goods and brands, PDCI relied on the services of a marketing organization called Upland Marketing Foundation, Inc. (UMFI) – a brand creation NGO based in Manila (WIPO 2014).<sup>3</sup> PDCI products were promoted in international trade fairs, via advertising in supermarkets and through promotional flyers, brochures and posters in high footfall areas. In addition, 80% of the cooperative's goods were distributed by UMFI, now FPSDC, in over 500 supermarkets and large trading centers in Metropolitan Manila. The remainder of PDCI's products was commercialized via local market chains and in various towns surrounding Bula Municipality.

## Importance of the case for people-centred land governance

PDCI's work is a great example of a successful Agrarian Reform led by farmers. The Pecuaría case shows that farmers' joint ventures of market-assisted land reforms can succeed, if these count on government and civil society support. PDCI is one of the pioneering farmers' cooperatives engaged in sustainable agriculture, which eventually has focused on organic farming. The farmer-members of the cooperative adopted organic agriculture standards as a strategy to increase productivity and improve competitiveness for the benefit of its members, the cooperative and the community.

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<sup>1</sup> MASIPAG is a farmer-led network of people's organizations, NGOs and scientists working towards the sustainable use and management of biodiversity through farmers' control of genetic and biological resources, agricultural production and associated knowledge. See: <http://masipag.org>

<sup>2</sup> PAKISAMA then left the MASIPag coalition and instead promoted the Integrated Diversified Organic Farming System and helped organize agri cooperatives which will produce, process, and market their products, including seeds.

<sup>3</sup> UMFI is now managed by the Federation of People's Sustainable Development Cooperative (FPSDC), which both PDCI and PAKISAMA are members. See: <https://www.fpsdc.coop>

From humble beginnings, PDCI has emerged as a driving force for innovation in the rural development sector. Today, Pecuaria is one of the largest suppliers of organic rice in all leading supermarkets of the country and the stable demand for its products brings increasing income to producers. The cooperative has improved the lives of its members. Significantly, each of the farmers keeps cultivating their 1.7-hectare farm, which shows that small farms – if they work together – can generate significant income for farmers' families.

# Changes

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## Baseline

In the 1920s, the land was made a cattle ranch, pastures and meadows that gradually enveloped the lowland forest that later included farming of sugarcane, corn, and rice. By 1952, the estate was known as the Unión Agrícola y Pecuaria del Sur de Luzon managed by Don Severo Tuazon and company and Mrs. Teresa Tuazon de Gonzales Lao and company. Eventually, due to the growing number of communist rebels in the area, the 33 years operation had to stop.

The beginning for PDCI –called Pecuaria until 1991– was marked by risk, disunity and economic instability. Pecuaria was like a war zone of different interest groups, prompting farmers to abandon their lands. Producers in the region relied on traditional and inefficient trading methods, which included selling their products to a buyer or middle-man responsible for taking the goods to a rural wet market.

## Achievements

A total of 988 hectares of land were distributed to 426 farmers. All the beneficiary-farmers now have security of ownership over the farms, wherein each of them has been equally provided with 1.7 hectares of land to till and another 600 square meters to build their houses.

Having initially struggled to implement an efficient, profitable and sustainable rice production process and strategy, PDCI subsequently achieved a remarkable improvement in production. The cooperative invested in new research and development facilities and created new marketing policies and commercialization strategies for its farmers.

To help develop the main and auxiliary businesses of PDCI, PAKISAMA linked the cooperative to various partners from the government, civil society and private business groups and provided technical training to managers and staff. To sustain the momentum of growth of PDCI, other CSO partners such as PDAP and UMFI/FPSDC helped establish the quality of PDCI's products by organic certification, as well as exposure to local and foreign markets.

The cooperative's rice farmers modernized and streamlined production processes, created quality brands and entered the niche market of organic rice. The cooperative's productivity and market access continued to grow, so that by 2006 over 233 supermarket outlets all over the country stocked PDCI's rice and sugar products.

In 1997, the organization was recognized by the country's Department of Agrarian Reform (DAR) with the Outstanding Agrarian Reform Community Award. Four years later,

PDCI's Bamboo Manufacturing Project was judged to be the Best Livelihood Project by the Department of Trade and Industry of the Philippines.

PDCI's sales volume increased by 69%; product prices were up by 16%; gross sales rose by 89%; and farmers' net incomes rose by 119% in 2007. Between 2007 and 2015, the cooperative's organic rice sales volume doubled, from 325 to 660 tons; and revenues tripled, from US\$163,000 to US\$560,000. PDCI is the first organic rice producer in the region certified by the Organic Certification Center of the Philippines (OCCP), an independent-membership-based organic standard setting and certification body.<sup>4</sup> The organization emerged from the margins of the Philippine economy to become a major player in the organic rice-producing industry.

## Evidence

PDCI now trains farmers from different parts of the country and supports the organic certification process. In 2013, Aces Polytechnic College selected PDCI to outsource and train farmers on organic rice production.

Palima R. (2013) *National ESP, Pecuaría Development Cooperative and ATI-Bicol partner for training on organic farming*, April 1  
<http://ati.da.gov.ph/bicol/news/2013/national-esp-pecuaría-development-cooperative-ati-bicol-partner-training-organic-farming>

Oikocredit, a global cooperative and social investor, also supports PDCI because of their strong focus on organic agricultural development. In July 2013, 48 farmers were certified for organic rice production; 120 more will be certified within the next five years.

Oikocredit (2014) *Microfinance partners honoured in the Philippines*, 17 November  
<https://www.oikocredit.coop/k/n171/news/view/101014/462/microfinance-partners-honoured-in-the-philippines.html#.WZhwvdFGnIV>

PDCI exports organic black rice to Hong Kong and China, facilitated by the Vegetable Importers, Exporters and Vendors Association (VIEVA).

BICOL (2014) *Pecuaría development coop now exports black-rice*, June 9, Philippines Department of Agriculture <http://bicol.da.gov.ph/index.php/news/279-pecuaría-development-coop-inc-now-exports-black-rice>

# Lessons learned

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## Lessons for civil society

Strong and representative farmers' organizations like PDCI are indispensable for economic development, income distribution and democracy promotion. By developing collective production and marketing strategies, small individual farmers can achieve economies of scale and therefore benefit from higher returns.

Committed and competent leadership and management staff with a clear vision and strong political will are key for implementing development strategies systematically. The

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<sup>4</sup> <https://www.occp.phils.org>

cooperative renews itself by electing its Board members and approving the cooperative's plan and budget for the following year in the General Assembly.

PDCI is a leading member of PAKISAMA, who in turn is a member of the Asian Farmers Association (AFA). These federations helped PDCI members get access to government officials and resources, revealing the importance of forging partnerships with NGOs, government, academe, media and churches at the provincial, national, and international level.

## Lessons for policy makers

In spite of a difficult beginning, the experience of Pecuaría shows that market-assisted land reforms can succeed, if adequate support is granted and sustained by the government and civil society.

## Challenges

The main challenge was to bring together the initially warring factions of farmers. The Catholic Church of Caceres Diocese facilitated dialogues and promoted unity between producers in the community. Staggering at the bottom of the value chain, farmers usually get low returns for their produce even if prices are high, squeezed by the network of hands and market forces that mediate between the farm and the products' ultimate consumption.

PDCI has been successful in the organic rice value chain and helped uplift the well-being of its rice farmer members. However, they are only one fifth of the total 426 members. The sugar farmers and those that occupy the uplands (697 of 817 hectares) have not been well-attended and in fact many have not occupied their respective farms due to lack of irrigation and other agricultural support. This reality threatens to tear the organization apart, as some leaders feel the cooperative is not responsive enough to the needs of many.

In the Philippines - regularly ranked among the top countries most affected by climate change - phenomena like droughts, typhoons, hurricanes and floods are serious challenges.

## Follow-up

The current situation in the area is promising: more farmers outside the Pecuaría area are encouraged to convert their farms into an integrated, diversified organic farming system and partake of the benefits brought about by PDCI to its members.

Government agencies like the Departments of Agrarian Reform (DAR), Trade and Industry (DTI), and Agriculture (DA) have continued to extend support, especially in expanding PDCI's market to foreign lands. Also, farmers and students from other areas have started to visit PDCI farms to learn about Integrated Diversified Farming Systems including on rice and other crops like sugarcane and bamboo, and free-range chicken.

PAKISAMA and agri-agencies such as Agriterro and Trias have committed to work together to assist PDCI wrestle with the organizational and business challenges.

# Supporting material

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## References and further reading

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IFAD and AIPP (2012) *Philippines Country Technical Note on Indigenous Peoples' Issues* <https://www.ifad.org/documents/10180/0c348367-f9e9-42ec-89e9-3ddbea5a14ac>

Penunia E. (2008) *A Pecuaría Experience in the Philippines*, August 27, Asian Farmers Association for Sustainable Rural Development (AFA) <http://asianfarmers.org/?p=539>

Rebagay, MA. (2012) *Valuing the Benefits of Community Organizing: The Pecuaría case*. A case study commissioned by CODE-NGO in partnership with PhilCOS

WIPO (2014) *A Bold Step into the Modern Economy*. Case Study of the World Intellectual Property Organization (WIPO) <http://www.wipo.int/ipadvantage/en/details.jsp?id=3510>

## Photos, videos

PAKISAMA (2012) *Pecuaría documentary* <https://youtu.be/0nDmkWtKv9o>

Pecuaría Development Cooperative <http://pecuariacoop.com>

BICOL (2013) *Organikong Pagsasaka sa Pecuaría* [Organic Farming at Pecuaría], by the Philippine Department of Agriculture's Regional Field Unit 5 <https://youtu.be/57xBeRINQy0>

## Contacts

### **Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA)**

Main Office, Room 207, Partnership Center

59 C. Salvador Street

Varsity Hills Subdivision, Loyola Heights, Quezon City 1108, The Philippines

Telefax: +632 434 2079

Email: [pakisama.natl@yahoo.com](mailto:pakisama.natl@yahoo.com)

Contact Person: Mr. Raul Socrates Banzuela, National Coordinator



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Authors: Raúl Socrates Banzuela (PAKISAMA) and Luis Manuel Claps (ILC Secretariat).

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INTERNATIONAL LAND COALITION SECRETARIAT

c/o IFAD, Via Paolo di Dono 44 , 00142 - Rome, Italy tel. +39 06 5459 2445 fax +39 06 5459 3445

[info@landcoalition.org](mailto:info@landcoalition.org) | [www.landcoalition.org](http://www.landcoalition.org)