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Agribusiness Venture Arrangement (AVA): A Briefer

The **Agribusiness Venture Arrangement (AVA)**, under Department of Agrarian Reform (DAR) Administrative Order (AO) No. 9, Series of 2006, refers to a partnership between Agrarian Reform Beneficiaries (ARBs) and private investors for the development of agribusiness projects on lands distributed through the Comprehensive Agrarian Reform Program (CARP). AVAs were promoted to provide ARBs with access to capital, technology, management expertise, and support services, particularly in areas where government support was limited.

AVAs have been recognized and promoted by the Philippine government since the early implementation of CARP. As early as 1988, DAR issued guidelines governing the processing, approval, monitoring, validity, execution, and implementation of these arrangements.

Essentially, AVAs allow the private sector to help fulfill the State's obligation of providing support services to ARBs.

Given the State's limitations in providing support services, many ARBs have turned to AVAs as a source of capital and operational support for the cultivation and management of land awarded to them.

However, despite the existence of these guidelines, agrarian reform advocates continue to uncover numerous cases of grossly disadvantageous AVAs involving ARBs and national or multinational agribusiness firms and large traders.

DAR Administrative Order No. 9, Series of 2006

Revised Rules and Regulations Governing AVAs in Agrarian Reform Areas

DAR AO No. 9, Series of 2006, was issued on 08 December 2006 to update earlier policies governing Joint Economic Enterprises (JEEs), the predecessor of AVA, which were previously covered under AO No. 2, Series of 1999: *Rules and Regulations Governing Joint Economic Enterprises in Agrarian Reform Areas*.

The concept behind the JEE/AVA framework was to augment DAR's limited resources for support services by facilitating agribusiness partnerships between ARBs and investors. The scheme particularly targeted large commercial plantations, especially banana and pineapple plantations, whose ten-year deferment period under CARP was set to expire in 2008.



Additional administrative orders were later issued to supplement AO No. 9, including:

- **AO No. 2, Series of 2008** – *Guidelines Governing Lease of Lands Under AVA in Agrarian Reform Areas and the Determination of Lease Rental Thereof*, which expanded the rules governing the leasing of agrarian reform lands; and,
- **AO No. 14, Series of 2016** – issued in response to emerging concerns regarding exploitative and grossly disadvantageous AVAs that allegedly caused ARBs to incur significant debts and lose effective control and possession of their lands.

AO No. 14 also responded to the call of the Food and Agriculture Organization of the United Nations (FAO) for the observance of the *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)*. AO No. 14 was issued by then DAR Secretary Virgilio De Los Reyes on 27 May 2016, but its implementation was reportedly suspended by his successor, Secretary Rafael Mariano.

Main Purpose of AVA

AVA aims to:

- provide additional support and opportunities for ARBs;
- encourage private sector investments, technology transfer, and technical expertise;
- improve agricultural productivity and farm income; and,
- promote agribusiness partnerships in agrarian reform communities.

Types of AVA

Types	Brief Description
Joint Venture Agreements	ARBs and investors jointly manage and operate an agribusiness enterprise while sharing resources, risks, and profits.
Growership or Contract Growing	ARBs produce agricultural products under contract with a company that provides farm inputs, financing, or technical assistance and purchases the produce under agreed terms.
Lease Agreements	ARBs lease their awarded lands to investors or corporations in exchange for lease rental payments.
Management and Service Contracts	Investors provide technical, operational, or farm management services to ARBs for compensation.
Build-Operate-Transfer (BOT) Schemes	Investors finance and operate agricultural infrastructure or facilities for a fixed period before transferring ownership to ARBs or their cooperatives.

Key Features of AVA

DAR AO No. 9, Series of 2006 requires:

- Approval by at least two-thirds (2/3) of the ARBs concerned or members of the ARB organization/cooperative involved in the AVA
- Clear explanation and understanding of contract provisions by ARBs
- Monitoring and supervision by DAR
- Contract review, renegotiation, and dispute-resolution mechanisms



Expected Community Impact

If properly implemented and effectively monitored, AVAs can:

- increase the income and livelihood opportunities of ARBs;
- reduce excessive and long-term dependence of ARBs on investors;
- improve the bargaining power and participation of farming communities;
- promote accountable, sustainable, and equitable agribusiness partnerships; and,
- strengthen ARBs' bargaining power and economic participation.

Major Issues Identified

Primary concerns raised regarding AVA implementation. Many of these concerns involve arrangements that allegedly favor investors while exposing ARBs to long-term economic risks, indebtedness, and loss of effective control over their awarded lands. Weak government monitoring and inadequate legal assistance have further increased the vulnerability of ARBs during negotiations and implementation.

For Lease Arrangements:

- Very long contract periods ranging from 25 to 44 years
- Low lease rental payments and economic disadvantages for ARBs
- Lack of consultation, transparency, and informed consent during negotiations
- Contracts written in English and not fully explained to ARBs
- Failure to provide copies of contracts to ARBs in some cases
- Cases where contracts were allegedly not properly reviewed or approved by DAR
- Reports of ARBs losing effective control and possession of their awarded lands

For Growership Arrangements:

- Growership schemes that may trap ARBs in debt due to costly farm inputs and production loans
- Fixed or low buying prices imposed by investors or agribusiness firms
- Unequal bargaining arrangements that favor investors over ARBs
- Dependence on investors for farm inputs, financing, and market access

Non-Contractual Issues:

- Weak DAR monitoring and oversight mechanisms
- Limited legal assistance and participation of ARBs during negotiations
- Inadequate review and regulation of AVA contracts by concerned government agencies

Current Experiences of ARBs/ POs with AVAs

During the focus group discussions (FGDs) organized under the Land Justice Initiative (LJI) on 22 August 2025 in Bacolod City and 10 October 2025 in Quezon City, ARB/PO participants raised the following concerns on AVA implementation:

- **Negotiations and lease contracts executed before CLOAs were awarded.** ARBs claimed that negotiations and lease agreements were initiated and finalized even before their Certificates of Land Ownership Awards (CLOAs) were issued. This allegedly violated Section 4.1 of AO No. 9-2006, which prohibits the execution of AVAs prior to the awarding of Emancipation Patents (EPs)/CLOAs and actual possession of the land.
- **Inconsistencies between verbal declarations and written contract provisions.** Some ARBs reported that verbal explanations given during negotiations did not match the actual written contract terms. For instance, farmers were informed that agreements would last for two



years, but the written contracts indicated a five-year duration.

- **Difficulty withdrawing from AVAs.** Some farmers who wished to terminate lease agreements and regain possession of their lands reportedly could not do so because contract renewal depended on the majority vote of the ARB cooperative or association.
- **Minimal involvement of DAR during negotiations.** Participants claimed that DAR's role was limited to ensuring that the lease agreement had majority approval. Some ARBs also reported receiving little or no legal assistance during negotiations and alleged that certain contracts were neither endorsed by the Provincial Agrarian Reform Coordinating Committee (PARCOM) nor approved by appropriate DAR bodies, such as the Presidential Agrarian Reform Council Executive Committee (PARC-ExCom).

Recommendations

In light of the issues raised by ARBs, people's organizations, and agrarian reform advocates, several policy and institutional reforms have been recommended to ensure that AVAs become more transparent, equitable, and beneficial to ARBs. These recommendations seek to strengthen the protection of the rights of ARB, improve government oversight, and promote fairer agribusiness partnerships.

To improve AVA implementation, the following measures were recommended:

- Strengthen legal assistance and protection mechanisms for ARBs
- Increase lease rental to reasonable rates and regularly adjust them based on inflation
- Provide ARBs with greater freedom in choosing suppliers and buyers
- Conduct regular review and monitoring of AVA contracts
- Strengthen the role of DAR in negotiations, monitoring, and enforcement

The **Kaisahan Tungo sa Kaunlaran ng Kanayunan at Repormang Pansakahan (KAISAHAN)** and the **Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC)** are jointly implementing the project "*Land Justice Initiative (LJI): Amplifying Land Rights Defenders' Access to Justice and Uniting Stakeholders for Land Rights Accountability*" with financial support from the European Union (EU).

The project aims to increase access to justice and protection for land and human rights defenders (LHRDs) through enhanced capacities, programs, and partnerships with stakeholders.

This briefer summarizes the policy paper on AVA, a major output under the policy advocacy component of the LJI project.

For more details, refer to: ***AVAs in Agrarian Reform Areas: A Policy Paper*** at [https://angoc.org/portal/agribusiness-venture-arrangements-avas-in-agrarian-reform-areas-a-policy-paper/\[www.angoc.org/portal\]](https://angoc.org/portal/agribusiness-venture-arrangements-avas-in-agrarian-reform-areas-a-policy-paper/[www.angoc.org/portal]).

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Disclaimer

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