

# Theme 2

## Food, Forests, and Farmers *Finding Sustainable Pathways for the Future*



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### ABSTRACT

## **Shifting to a Tripartite Agreement to Support a more Sustainable Value Chain Production of HYV Maize in Mindanao**

by Dave Vincent A. Jamago

We hear many stories of small-scale farmers borrowing money from financiers also known as the “traditional financing” system. Although this type of financial support is accompanied by high risk (high inputs) and less profit (high interest rates for loan) for farmers, sadly, several farmers in Bukidnon are engaged in this type of financial system. With government banks requiring a lot of documentation and implementing strict loan policies, small-scale corn farmers are left with no choice but to tap local corn financiers for capital.

Recently, rural banks have opened up a financial support system and opportunity to small-scale corn farmers through a tripartite agreement with banks, traders, and farmers. The tripartite agreement involved no collateral for 5 hectares and below land area and a barangay tax declaration. Compared to a 5-10% interest rate of traditional financiers, with the tripartite agreement, a 1% interest rate is charged to farmers. Also, within this system, the farmers have the selling power, or the opportunity to choose which market to sell their produce at a fair and marketable price.

In the Philippines, there is great potential in the corn industry if only the government could extend credit and technology support to small-scale farmers. Through this, farmers’ capacity to increase production is built while promoting increase in the value chain production giving high yield productivity and high profit for farmers.