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SUGAR IS SWEETER WITHOUT CHILD LABOR.

The Social Amelioration Program in the Sugar Industry in the Philippines

An Overview of the History, Implementation, Potential Improvements and Replication

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Implementing Agencies:

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ABBREVIATIONS AND GLOSSARY

Act	Refers to the Republic Act 6982
Affiliated Planter	A Planter who is a member of or affiliated with a Planters' Association or Cooperative
Bureau	Refers to the Bureau of Workers with Special Concerns (BWSC) Bureau, which was formerly known as Bureau of Rural Workers (BRW)
Cash Bonus Fund or CBF	Refers to the 80% share of the lien given as social amelioration bonus to the covered sugar workers, including and all incomes or interest derive therefrom
Crop Year	The 12 month milling period declared by the Sugar Regulatory Administration, which commences September 1 and ends August 31 of the following year
District Tripartite Council or DTC	Council created by the Secretary upon recommendations of the Sugar Tripartite Council
Field Worker	A worker employed in any manner by a sugar plantation or farm; They are also called plantation worker or farm worker
Forfeited Amount	The portion of the unclaimed or undistributed cash bonuses of covered sugar workers which, having been unclaimed during the three-year prescriptive period, is forfeited in favor of the socio-economic projects and programs for the sugar workers

Lien	The amount of levy collected from every picul of sugar produced or per 50 kg bag (LKG); When applicable, it is also the automatic additional lien that may be imposed by the Secretary of Labor, upon consultation with Sugar Tripartite Council, to support the Social Amelioration Program for workers in the sugar industry
LKG	A unit of measurement which is equivalent to 50 kilos
Migrant Sugar Worker	A specific category of field workers
Mill	The sugar mill or central
Miller	Any person, firm, corporation, or combination thereof, owning or operating a sugar mill or central
Mill District	A centrifugal sugar mill together with all plantations adherent thereto; A plantation is deemed adherent by virtue of sugarcane being delivered to a mill regardless of contract relation between the mill and the plantation owner and/or any other persons cultivating sugarcane in the plantation contiguous to the mill
Milling Season	The period of grinding sugarcane in a mill district; Depending on the size of the mill, the milling period averages from six (6) to seven (7) months in a crop year
Mill Worker	A worker employed in any manner by a sugar mill or central
National Organization of	The national federation or confederation of sugarcane planters or millers associations and/or cooperatives

Sugar Producers

Planter	Refers to a sugar plantation owner, lessee or operator
Planters' Association or Cooperative	The organization of sugarcane planters in a particular mill district
Picul	A unit of measurement which is equivalent to 63.25 kilos
Regional Office	Refers to the Regional Office of the Department including its District, Provincial and other extension office
Sugar Tripartite Council or STC	The council representing the sugar industry, created under the Act
Socio-Economic Program Related Funds	Refers to the 20% share of the lien allocated for socio-economic programs, including any and all incomes or interests derived therefrom
Sugar Quedan	A negotiable warehouse receipt evidencing ownership of sugar stock issued by the mill to the planters and to itself upon production of sugar
Unaffiliated Planter	A Planter who is not a member of or affiliated with any Planters' Association or Cooperative; They are also called an Independent Planter

EXECUTIVE SUMMARY

The Social Amelioration Program (SAP) in the sugarcane industry in the Philippines seeks to ensure the social protection of workers in the industry through a systematic lien collection that enables workers to receive regular cash bonuses and to avail themselves of benefits from socio-economic programs addressing their needs. Its implementation of more than 20 years is a rich resource for learning from which other agro-industries within and outside the country could benefit.

Crucial to the realization of the SAP is its enabling legal mandate, RA 6982. Here, the rationale, mechanics, and mechanisms of the program are stipulated together with sanctions for non-compliance. This policy serves as the backbone of the SAP.

RA 6982, however, is only the most recent manifestation of policy actions that intend to protect sugarcane industry workers. In fact, efforts from stakeholders have pushed to ensure the welfare of workers since 1952; and these continue until today as current realities reveal the need for policy amendments.

Workers' experiences with the SAP surface several challenges that deserve appropriate action. Among these are the varying levels of awareness of the SAP among workers and labor contractors; issues of efficiency with the delivery systems for the Cash Bonus Program; and the apparent need to update the benefits and processes under Socio-Economic Programs. The disadvantaged position of migrant workers as beneficiaries to the SAP also surfaces as an ongoing issue that cuts across these themes.

Analyzing the SAP's applicability to other agricultural industries, on the other hand, surface key points in the program that make it work albeit the need to address the aforementioned challenges. Making the SAP possible are: 1) a tracking system of the source of raw materials, 2) a centralized purchase system, 3) a legal mandate for the implementation of a SAP in these industries, 4) the identification of the source of funds, and 5) a clear appreciation of the needs of the industry workers as basis for the SAP.

This research sets forth the results of primary and secondary data review and analysis that show how the SAP was established, how it is currently implemented, what its current challenges are, and how other industries can learn from it. It aims to inform stakeholders on how the intentions of the SAP – both in the local sugarcane industry and in other industries – can further be realized. To this end, some recommendations are given particularly for policy makers and for industry leaders.

RECOMMENDATIONS

- The Department of Labor and Employment-Bureau of Workers with Special Concerns (DOLE-BWSC) should ensure the awareness of all stakeholders in the sugarcane industry regarding the SAP. Industry workers must particularly be informed of their rights under RA 6982. To achieve this, the DOLE-BWSC must come up with an effective Information and Education Campaign (IEC) program that could reach all beneficiaries of the SAP and provide them information on the benefits, rules and requirements of the SAP.

- Access to the SAP benefits should similarly be ensured for all industry workers, regardless of the nature of their employment. To enable this, the DOLE-BWSC should open satellite offices in various mill districts that will provide workers easy access to the social protection components of RA 6982.

- Congress needs to revisit RA 6982, especially since there are no pending legislative bills that aim to amend it. According to Ms. Yolanda Bugarin of BWSC, some of the provisions of the law are simply too specific leaving no elbow room for developing out of the box strategies to implement it. But the changing realities of the sugarcane industry workers warrant amendments to the RA 6982. The following are proposed:

    1. The provisions on the amount of the lien and its allocation must be examined to meet the present needs of workers. The amount of lien had been pegged at P7.90 per LKG/bag since 2002; but the fragmentation of plantations into small parcels of land over the years had doubled the number of sugar workers from an estimated 400,000 in 1991 to around 800,000 in 2015. The lien collected under the SAP should be increased.

    2. The meager amount received as cash bonus by plantation workers signals the need to re-examine the cash bonus component. This could be turned into a fund that will provide more social protection for workers. Amendments recommended during the National Convention of the DTCs in 2006 are forwarded in this regard:

        a) Alternative schemes must be adopted for the productive use of the cash bonus share of field workers on voluntary basis for their benefit including but not limited to funding education, health, medical, and hospitalization programs.

b) The three-year waiting time for the unclaimed cash bonus to be forfeited and reverted to socio-economic project fund should be reduced to two years.
c) The allocation for death benefits must be reduced from 5% to 4% provided that there is no diminution of benefits.
d) The share of the socio-economic project fund should be increased from 9% to 10%.

3. The amendment must also consider the particular plight of migrant workers and how to ensure that they benefit from the SAP. The services provided by the Integrated Services for Migratory Sugar Workers (I-SERVE-SACADAS) Project could be expanded by funding social protection programs for their benefit using portions of the Forfeited Undistributed Cash Bonus or the share of the unaffiliated planters of the Socio-Economic Project Fund (SEPF). I-SERVE SACADAS project is a good platform that can mainstream sacadas into the SAP. An effective identification (ID) system for sugar workers in the industry is also one way to ensure inclusion of migrant workers, although it can benefit all industry workers. The ID system for sugar workers had in fact been identified as a need by the STC to readily identify field workers. A survey of sugar workers had been started in Negros Occidental as a requisite to the ID system in the past but the ID system was not implemented.

- The sugarcane industry, and other agro-industries within and outside the Philippines, must maintain or further enhance effective mechanisms under the SAP must to maximize program benefits for industry workers. These include the following:

1. The lien to be collected should be made a percentage of the price of cane per ton with a minimum limit. This could be expressed in law as “the lien to be collected shall be a percentage (%) of the prevailing price per ton of sugarcane but should not be below a certain minimum amount.” Using the percentage (%) of the price per ton of sugarcane delivered will allow the lien some flexibility as it is based on price and not on an exact amount as in the Philippine experience.The mill should be used to collect the lien as it could easily deduct the lien from the proceeds of the planter and pay the farmer, the price of their delivery net of liens.

2. The amount of lien could be based on a percentage (%) of the price per ton of cane delivered by a farmer to the mill. The mill could easily identify the source of the cane as records of deliveries are tracked down to facilitate payment.

3. The tripartite mechanism could be used as a model for setting an effective implementing mechanism for the SAP including the safeguarding of funds. As in the Philippine experience, it helped to maintain industrial peace as it becomes a venue for discussing issues affecting the industry.

4. Programs to be funded from the lien should match the needs of the workers. It is recommended that social protection programs be implemented to benefit workers and their families. Subsidies must be substantial enough so that it could be felt by beneficiaries but at the same time should enable the fund to be sustainable.

5. A legal mandate must be enforced to facilitate the participation of the entire industry and a systematic collection of the lien. The mandate could be in the form of a law or an executive order from the office which regulates the industry in a particular country.

METHODOLOGY

This research is based on both primary and secondary data. Related literature and statistical data were reviewed, while interviews and focus group discussions with key informants in the sugarcane industry in the Philippines, including the workers and policy experts, were conducted to gather and validate data.

In setting the situation of the local sugarcane industry and the status of the SAP, major sources were statistical data issued by the BWSC submitted to Congress during budget hearings or as reference materials for Sugar Tripartite Council (STC) members during their meetings.

For the history of the SAP, the research depended mostly on documented speeches and interviews of Atty. Zoilo dela Cruz, Jr., President of National Congress of Unions in the Sugar Industry of the Philippines (NACUSIP) and considered as the father of the SAP; minutes of STC meetings; records of Atty. Dela Cruz at NACUSIP; and the compilation of sugar regulation policies issued by Sugar Regulatory Administration (SRA).

For the salient features of Republic Act 6982, the major reference was the law itself and its Implementing Rules and Regulations (IRR), together with amendments to the IRR.

In tracing the performance of the SAP, data were culled from BWSC reports; implementing organizations' annual reports to stakeholders and liquidation reports to DOLE; minutes of STC meetings; and the documentation of the National Convention of the District Tripartite Council (DTC) in 2006 held in Bacolod City. Most of the recommendations to enhance the implementation of the program came from that convention and were validated with stakeholders in interviews and focused group discussions.

BACKGROUND

This section highlights the current situation of the sugarcane industry and its workers in the Philippines. Based mainly on statistical data from the BWSC, the industry is shown to be a significant industry in the country both in terms of its contribution to the production of sugar for local consumption and for export, and to the generation of employment for local workers. In this context, the SAP becomes a critical program in ensuring the health of the industry.

THE SUGARCANE INDUSTRY IN THE PHILIPPINES

The sugarcane industry in the country involves 423,000 hectares planted to sugarcane. Of these, 80% cover 5 hectares or less. Such prevalence of small-sized farms is the major impact of the Comprehensive Agrarian Reform Program (CARP) to the industry. Prior to the implementation of CARP in Negros Occidental, the size of plantations ranged from 50 to 250 hectares.

Among farmers, a total of 65,000 are involved in sugarcane production. Eighty percent of production is provided by big planters who till 20% of the total land planted to sugarcane. In the industry, a planter is considered big if they cultivate a minimum of 30 hectares.

The industry produces an average of 59 tons of cane per hectare with an average sugar content of 1.96 LKG/TC. Sugarcane is planted in 25 provinces and 12 regions in the country. Negros Island produces 60% of total annual production.

There are 27 sugar mills which have a total capacity of 198,500 tons of cane per day. However, only 60% of the capacity is being utilized during milling season. Fourteen sugar refineries process the raw sugar output of the mills with a combined capacity of 189,209 LKG per day with only 73% capacity utilization. An annual average of 2.3 million metric tons of raw sugar is produced by the industry. The Philippines is ranked 11th in terms of production among countries producing sugar in the world.

Five sugar mills are generating power with an installed capacity of 84 megawatts that could be exported to the national grid. Based on SRA data, the industry contributes P88 billion to the economy. Its contribution to the trade balance and foreign reserve is estimated at $111.76M. It provides P380M to the Social Amelioration Fund for sugar workers annually.

WORKERS IN THE SUGARCANE INDUSTRY

The production of sugar involves 800,678 workers nationwide. Based on the Cash Bonus Fund (CBF) Distribution report in crop year 2013, there are 786,638 (98%) plantation workers and 14,040 (2%) mill workers. These figures do not include sugarcane migrant workers.

Sugar workers are categorized into three:

1. *Sugar Farm/Field Workers* are workers employed in any manner in a sugarcane farm such as in land preparation, planting, fertilization, weeding, harvesting or hauling. The group is classified into three sectors: regular plantation workers (dumaan), local seasonal workers (hurnal) and migratory sugar workers (sacada).

2. *Small Planter-Cultivators* are planters tilling farm land with an area not exceeding five hectares. Most of them are agrarian reform beneficiaries.

3. *Sugar Mill Workers* are employed in the mill or refinery; it includes professionals, rank and file and supervisors.

The impression that there are thousands of sugar migrant workers every year that are transported from other provinces like Antique and Quezon to sugarcane producing provinces and to harvest sugarcane is misleading. Based on data provided by Bureau of Workers with Special Concerns (BWSC), from 2012-14, Negros Occidental has the fewest number of migrant workers with only 108. In contrast, Tarlac hosted 1,305 sugar migrant workers for the same period while Pampanga employed 1,246. The emergence of Isabela as a major employer of sugar migrant workers is due to the production of ethanol that uses sugarcane as raw material.

Table 1. Total Number of Sugar Migrant Workers per Receiving Province

Crop Year	Pampanga	Tarlac	Batangas	Isabela	Negros Occ	Total
2012	61	162	426	0	51	700
2013	434	749	161	600	32	1,976
2014	751	394	284	477	25	1931
TOTAL	1246 (27%)	1305 (28%)	871 (19%)	1077 (23%)	108 (2%)	4607

Source: DOLE

Sugar farm workers are among the poorest in agricultural workers. According to the Bureau of Agricultural Statistics (BAS), the average daily income of sugar field workers is about P240.51 in 2013. One reason for this is the seasonal nature of sugarcane production that drives the seasonal employment of workers in the industry, where a crop year starts in September and ends in August of the next year. Big sugar milling district operations can last up to ten months but for small milling districts, operations last for only four months.

THE SOCIAL AMELIORATION PROGRAM

The DOLE defines the SAP as a welfare scheme for sugar workers derived from the contribution of sugar producers mandated byRA 6982, which was signed into law by former President Corazon Aquino in 1991.

In the SAP, a lien of P10.00/picul or P7.90 LKG/bag on raw sugar produced is collected and is used to 1) Augment the income of sugar workers; 2) Finance social and economic programs to improve their livelihood and well-being; and 3) Increase stakeholders' participation in decision making, particularly on policies related to workers' development.

Based on statistics provided by the BWSC, the CBF has distributed a total of P4.4B from 1992 to 2014 or an annual average of P192M to 689,893 workers. Maternity benefits disbursed from 1992 to July 2015 total P119.877M, assisting 64,739 female sugar workers. The Death Benefit Program has provided financial assistance to 29,258 sugar workers' families from 1992 to July 2015. Death benefit disbursements reached P177.468M. From 1992 up to July 2015, a total of P549.150M benefitting 543,759 beneficiaries was released to fund socio-economic projects like education, skills training, livelihood health care, and other similar projects.

After 15 years of implementation, stakeholders have identified some issues in the program. For instance, the cash bonus share of plantation workers has become so small that it has no real economic impact on the families of workers. Also, the maternity and death benefits apparently need to be updated and certain procedures need to be streamlined to improve access to the benefits.

In 2006, House Bill Nos. 5024 and 5267 were filed in Congress proposing amendments on some provisions of RA 6982 particularly on the scope of socio-economic projects and the reduction of allocation for administrative expenses for the operation of the STC, DTC, and Bureau of Rural Workers (BRW). To solicit more suggestions and popular support for the amendments, a national DTC Convention was held in Bacolod on December 13-14, 2006. The Convention passed a resolution endorsing the following amendments to the Act:

1. Reduce the allocation for death benefit from 5% to 4%;
2. Increase the allocation of socio-economic program from 9% to 10%;
3. Reduce forfeiture time for cash bonus from 3 years to 2 years, which will revert the CBF to Socio-Economic Project Fund a year earlier and could be utilized to fund additional programs for workers; and

4. Adopt alternative schemes for the productive use of the cash bonus share of field workers on voluntary basis for their benefit including but not limited to funding education, health, medical, and hospitalization programs.

The enactment of the Sugarcane Industry Development Act (SIDA) of 2015 is a development that complements the SAP. Under the SIDA Law, educational scholarships, skills training, and the development of workers organizations will be funded to enhance the productivity of the industry.

HISTORY AND DEVELOPMENT OF SAP

In the following section, the history and development of the SAP, through the enactment of relevant policies and the negotiations and other influencing factors behind them, are traced. The discussion emphasizes how the concerted effort of all stakeholders is a key factor to the realization of a social protection program for the sugarcane industry workers. Also shown are areas for improvement of the current SAP.

The genesis of the SAP in the sugar industry was in June 22, 1952, with the passage of RA No. 809: *An Act to regulate the relations among Persons Engaged in the Sugar Industry*. RA 809 provides that any increase in the milling participation granted to planters and above their present shares (60-40) shall be divided between the planters and their workers in the plantation. Initially covering only 3 milling districts Binalbagan–Isabela (BISCOM), Southern Negros Occ. Dev. Corp, (SONEDCO) and San Carlos Milling Company, RA 809 authorizes the sugar mills to issue, pursuant to rules of Sugar Quota Administration, the sugar quedans and molasses certificates pertaining to the workers with the caption "RA 809 Workers Share/Department of Labor and Employment." It also authorizes the DOLE to oversee the sale of the quedans, turn over the proceeds to planters associations, and release these to planters/members for distribution to their workers. This is still practiced up to the present in mill districts of BISCOM and SONEDCO.

In 1969, Atty. Zoilo dela Cruz, Jr. of the National Congress of Unions in the Sugar Industry of the Philippines (NACUSIP) was summoned by then President Ferdinand E. Marcos to Malacanang for his reaction to the petition of sugar producers to increase the price of domestic raw sugar from P25 per picul to P31 per picul, which was then the prevailing price in the black market. Atty. Dela Cruz told the President Marcos that the cost of production had increased and producers are justified in seeking the increase in the price of domestic sugar. He further suggested that if the President would approve the increase in the price of domestic sugar, part of the increase should be shared with the sugar workers. President Marcos expressed interest in his suggestion and promised him that he would convince the sugar producers to adopt the scheme. Thus was the SAP in the sugar industry set in motion.

According to Mr. Francisco Varua, President of Philippine Sugar Millers Association, when President Marcos brought the idea to the attention of leaders of the industry, they gave their full support to the scheme. This was crucial, according to Mr. Varua, for even if the contribution is mandatory as provided for in law, the SAP would have major problems in its implementation without the express support of the producers.

On December 29, 1970, President Marcos directed the Sugar Quota Administration (SQA) to issue an order for the collection of a stabilization fund of P1.00 per picul on all sugar produced, of which 90% shall be distributed as cash bonus to workers and 10% to accrue to a trust fund to finance social and economic development program for the benefit of sugar workers and their families. To implement the socio-economic projects to be funded by the sugar order, the Sugar Industry Foundation, Inc. (SIFI) was organized in 1971 and was registered with the Securities and Exchange Commission (SEC) in the same year. Its founding members were representatives from the National Federation of Sugarcane Planters Association, Philippine Sugar Millers Association, and the labor sector.

In view of verified reports that some sugar farm and mill workers had failed to enjoy their legitimate shares in the benefits of the program, President Marcos upon the petition of NACUSIP signed on December 21, 1974 the Presidential Decree 621 mandating the payment of Stabilization Fund of P1.00 per picul and vesting in the Secretary of Labor the supervision and control of the implementation of the SAP in the sugar industry. In October 10, 1977, Presidential Decree 1209 was signed by President Marcos increasing the mandatory lien to P2.00 per picul. Under Presidential Decree 621, there were no maternity and death benefit components yet; however, the tripartite mechanism that implemented the SAP started with Presidential Decree 621.

On May 1, 1978, as part of the Labor Day celebration, President Marcos signed Presidential Decree 1365 creating the Rural Workers Office in the DOLE and transferring the supervision and control of the SAP from the Secretary of Labor to the Bureau of Rural Workers (BRW) now known as the Bureau of Workers with Special Concerns (BWSC).

The SAP would be suspended in the early 1980's during the sugar crises. These started in 1974, when sugar prices peaked in the world market at $.67 per pound, only to fall less than $.10 per pound two years later. While the price stayed that way until the end of the 1970s, they started to fall again by the 1980s, reaching an all-time low in May 1985 at $.03 per pound. Since the sugar industry was geared towards the export market at that time, the drastic plunge in the world market price of sugar, made the industry experience one of its worst crises in history.

In May 1, 1991, then President Cory Aquino signed RA 6982, also known as *An Act Strengthening the Social Amelioration Program in the Sugar Industry*, coinciding with the observance of Labor Day. The law effectively supplanted Presidential Decree 621. No amendments in the provision of RA 6982 had been made since its approval in 1991. However, its implementing rules and regulations had been amended several times particularly the financial assistance of maternity and death benefits. The amount for death benefit had been amended four times while the amount for maternity had been amended three times.

While RA 6982 provided for the repeal of RA 809, DOLE Department Order No. 2, series of 1992, signed by Secretary Ruben Torres, allowed the continued implementation of RA 809 pending issuance of a definite ruling from higher authority. In 2011, the Supreme Court ruled that Republic Act 6982 could not supplant RA 809 as the benefits enjoyed by workers are much higher compared to that from RA 6982. RA 6982 and RA 809 are jointly implemented in SONEDCO & BISCOM mill districts.

SALIENT FEATURES OF RA 6982

The policy governing the SAP, RA 6982, is discussed in detail in this section, including the role of the lien, the coverage of the SAP, its Cash Bonus Program and Socio-Economic Programs, and the implementing structure of the SAP.

ESCALATING LIEN

To fund the programs under RA 6982, a lien is collected for every bag of raw sugar produced in the country. When the law became effective in 1991, a P5 lien per picul of sugar produced was collected. Subsequently, every two years a P1 increase in the lien is applied until it reached the maximum of P10/picul. In 2002, the lien reached is maximum limit. The lien imposed is collected from sugar planters and millers in proportion to their corresponding milling share and shall constitute a lien on their sugar quedan or warehouse receipts.The lien is paid upon the withdrawal of sugar from sugar mill warehouses.

LIEN ALLOCATION AND UTILIZATION

The lien is allocated and utilized in the following scheme:

1. Eighty percent (80%) of the lien, including any and all incomes or interests derived therefrom, as cash bonus to sugar workers;
2. Twenty percent (20%) of the lien, including any and all incomes or interest derived therefrom, as socio-economic program-related funds, distributed as follows:
    a. Five percent (5%) as Sugar Workers Death Benefit Fund
    b. Nine percent (9%) including penalties for non-remittance of the lien, as Socio-EconomicProject Fund;
    c. Three percent (3%) as Maternity Benefit Fund; and
    d. Three percent (3%) as Administrative Benefit Fund of the Sugar TripartiteCouncils (STC), District Tripartite Councils (DTC) and the Bureau.

COLLECTION OF THE LIEN

Once the sugarcane of a particular planter is milled, they are issued a quedan specifying how many bags of sugar they own in the sugar mill warehouse. Since the quedan or warehouse receipt is a negotiable instrument, theplanter sells it to a sugar trader at a price inclusive of all the liens to be paid. The trader pays the planter the price of their sugar net of lien. When the trader withdraws the sugar from the warehouse, they pay the lien with the amount they had withheld from the planter.

All sugar mills shall collect the lien upon withdrawal or release of the sugar from the mill warehouse, but in no case beyond one hundred eighty (180) days from date of issuance of the corresponding sugar quedans.

All collections of the lien by the mill shall be deposited in an authorized government depository bank under the joint Mill-Department Account. The 80% CBF shall be deposited separately from the 20% socio economic fund. The CBF remains at the mill district level in a joint account between the mill and the Department. The signatories to the joint account are the DOLE Regional Director and the authorized representative of the mill.

The 20% socio-economic fund is deposited by the mill in the Special Trust Account of the Secretary of DOLE in an authorized government depository bank within seven (7) days at the start of each month. The socio-economic fund is treated as a special trust fund and is not co-mingled with other funds of the Department.

As collecting agent, sugar mills must remit the lien collected within one month from the date of collection, otherwise a penalty of 10% per month on the unremitted collection shall be imposed upon the violator.

COVERAGE OF THE PROGRAM

In 2011, through the recommendations of the STC, Secretary of Labor Rosalinda Baldoz signed a DOLE Department Order which clarified the persons who are eligible to receive benefits under the SAP.

The following are eligible to receive the benefits under the SAP:

1. All mill and field workers directly employed by the sugar mill or planter in any manner except managerial employees;

2. All migratory sugar workers directly employed by the planter and those migratory sugar workers hired by contractors and sub-contractors to provide services to the planter.

3. All mill and field workers hired through contracting and subcontracting arrangements and performing functions necessary and indispensable in the production of sugar.

4. All farmers whose landholding are five hectares and below and who directly cultivate sugar land as beneficiaries under the Comprehensive Agrarian Reform Law.

DISTRIBUTION OF CASH BONUS

The cash bonus is distributed to each worker in the sugar farm or the millbased on the proportion of work they rendered. This is done on a per mill and farm basis. The cash bonus share of the workers is collected by the sugar mills and released to planters' associations, in the case of affiliated planters or directly to unaffiliated planters for distribution to their respective workers. The cash bonus share of the mill workers shall be held in trust by the mills for distribution to their workers.

Formula for Determining Cash Bonus

The formula for computing the share of individual workers in every mill or plantation shall be as follows:

Step 1: Determine Factor

$$\frac{\text{Total CBF for Covered Workers}}{\text{Total Basic Annual Payroll of Covered Workers}} = \text{Factor}$$

Step 2: Determine Share of Worker

Factor x Total Basic Annual Salary of Individual Covered Worker= Share of Worker

Where:

a. Covered Workers represent all the workers during the covered crop year in a farm or a mill

b. Total Annual Payroll of covered workers represents all basic wages paid the covered workers during the crop year

c. Regardless of the total basic annual salary of individual covered worker, the cash bonus of the worker shall be computed on the basis of the following maximum credits:

For Mill Workers	- P2,000 per month
For Field Workers	P1,000 per month

In case the worker earns less than the amount indicated above his actual earning shall be the basis for the computation.

Undistributed Cash Bonus

Immediately after the end of the distribution period which shall not exceed 30 days from receipt of the CBF, all planters shall remit any undistributed or unclaimed cash bonus to their association/coops, in case of affiliated planters or to the mills in case of unaffiliated planters, together with the copies of their special payrolls.The Regional Office shall hold in trust the undistributed/unclaimed cash bonus remitted by the mill and planters associations/coops within a period of three years. During the three-year period, any qualified employee who has not claimed his cash bonus could file his/her claim at the Regional Office.

After three years, all unclaimed/undistributed cash bonus shall be deemed forfeited in favor of socio-economic programs for sugar workers. The Regional Office shall remit to the Secretary of DOLE the forfeited amounts within one month from date of forfeiture.The Forfeited Undistributed Cash Bonus which now forms part of the Socio-Economic Fund can be accessed to fund projects like livelihood support to sugar workers from the mill district where the forfeited fund came from.

SOCIO-ECONOMIC PLANS & PROGRAMS FUND

The term "Socio Economic Plans & Programs" provides the mechanism towards the effective and efficient utilization, allocation, management and monitoring of the 20% portion of the liens or the Socio-Economic Program–Related Funds. Under socio-economic plans and programs, social protection programs like death and maternity benefits had been provided. These new features were not part of the old social amelioration program under Presidential Decree 621.

The socio-economic project fund was retained under the new Act, sharing 9% of the lien to fund socio-economic projects like education, health, skills development, livelihood, and capacity building for sugar workers organization among others. Also added in the new law is the allocation of 3% of the lien to be used as administrative expenses for the Sugar Tripartite Council, District Tripartite Councils and Bureau of Rural Workers.

Maternity Benefit

A maternity benefit of P2,000 shall be paid for every complete delivery or miscarriage of a covered woman sugar worker without prejudice to her enjoyment of other maternity benefits granted under existing laws or existing collective bargaining agreements. The maternity benefit shall cover only for the first four (4) deliveries or miscarriage. The maternity benefit shall extend to a woman sugar worker whose employment at the time of her delivery or miscarriage has been certified by her employer. The spouse of a sugar worker who does not work in the plantation or mill is not covered by the program.The claimant shall file an application of maternity benefit with the Regional Office having jurisdiction over the workplace.

Death Benefit

A death benefit of P7,000 shall be paid to the beneficiaries of a qualified sugar worker who died to defray the cost of funeral and related expenses. In the case of the mill employees and field workers, they must have rendered at least four (4) months of continuous or aggregate service immediately prior to their death. In the case of farm owners/cultivators and lessees, they must have milled their canes within the crop year prior to their death.The claimant shall file an application for death benefit with the Regional Office having jurisdiction over the workplace or residence of the deceased covered worker within three (3) years counting from the date of the death of such covered worker, otherwise the claim shall be forfeited.

Socio-Economic Projects

Upon the recommendation the of the Sugar Tripartite Council, the Secretary shall utilize the nine (9%) percent allocation for socio-economic projects for sugar workers undertaken by the Bureau, planter/millers organizations, workers organizations, foundations, and/or Sugar Industry Foundation, Inc. (SIFI).The socio economic projects shall include education, livelihood, income and employment generation, and other projects such as manpower skills training, organizational development and other necessary inputs intended to further enhance the socio-economic or living and working conditions of the sugar workers and their families. Whenever the need arises, a portion of the fund may be set aside and utilized for calamity assistance to sugar workers.The allocation of the 9% fund to project implementers is based on production.

Program Administration

Upon the recommendation of the STC, the Secretary shall approve the use of the three (3%) percent of the lien referred to as the Administrative Expense Fund for the administrative expense of the Sugar Tripartite Council, District Tripartite Council and the Bureau of Rural Workers.

IMPLEMENTING STRUCTURE OF THE SOCIAL AMELIORATION PROGRAM

Sugar Tripartite Council (STC)

A national level STC was created as an advisory board to DOLE to effectively implement the SAP. It is composed of 10 members with the Secretary of Labor and Employment or his representative as ex officio chairman. Aside from the Secretary of Labor, the members of the STC are One (1) representative from the Sugar Regulatory Administration who shall likewise sit in ex officio capacity; Two (2) representatives from the planters sector; two (2) representatives from the millers sector; two (2) representatives from the mill workers sector and two (2) representatives from the field workers sector as members. All of the members shall be appointed by the Secretary of Labor from among the nominees of the planters, millers and workers organizations. The members of the STC shall serve for 3 years unless sooner recalled by the nominating organization.The STC shall meet every quarter. It may conduct special meetings upon call by the Chairman or upon written request of at least 3 members.

At present, the members of the STC come from the Confederation of Sugar Producers Association, Inc. (CONFED), United Sugar Producers Federation of the Philippines, Inc. (UNIFED), Philippine Sugar Millers Association (PSMA), Cagayan Sugar Company, Federation of Free Workers (FFW), National Congress of Unions in the Sugar Industry (NACUSIP), and Associated Labor Union (ALU). DOLE Undersecretary Ciriaco Lagunzad sits as the Chair Designate of the STC.

District Tripartite Council (DTC)

DTCs are organized in every mill district to assist the STC in implementing the social amelioration program. It is composed of seven members with the Regional Director of the DOLE as ex officio Chairman. Other members of the DTC are: two representatives from the planters sector, one representative from the millers sector, two representatives from the field workers sector and one representative from the mill workers sector. The members of the DTC shall be appointed by the Secretary of Labor and Employment for a term of three years.

The DTC is tasked to help monitor programs and projects funded under the SAP in the mill district where it belongs. It also mandated to recommend policies, guidelines, and projects to the STC for adoption. The DTC meets every quarter.

SAP PERFORMANCE REVIEW AND ASSESSMENT

How the SAP translates from policy to practice determines its significance to its intended beneficiaries. In this section, the sugarcane industry workers' own views on and experiences of the SAP are highlighted in order to review and assess the SAP performance. It is found that awareness of the SAP varies across workers as well as labor contractors, with some fully availing of its benefits while others entirely unaware of it; that implementation of the Cash Bonus Program varies across different types of workers and is facing challenges to its delivery system; that experiences with Socio-Economic Programs are uneven, as Maternity and Death Benefit Programs fail to adequately address their targeted beneficiaries' needs and can even pose additional burdens to them through inefficient processes while the Socio-Economic Program Fund for capability building projects is effectively utilized; and that the Tripartite Mechanism remains one of the more effective mechanisms under the SAP.

AWARENESS OF THE SAP

Based on interviews and discussions with planters, millers, plantation workers, labor unions and agrarian reform beneficiaries the awareness level about the SAP is very high. This is evidenced by the high number of those who availed of the cash bonus and the numbers of those who avail of the social protection benefits under the law. Members of organized labor are aware that the SAP is funded by the contributions of sugar producers but a lot of plantation workers who are not members of unions believe that it is funded by the government.

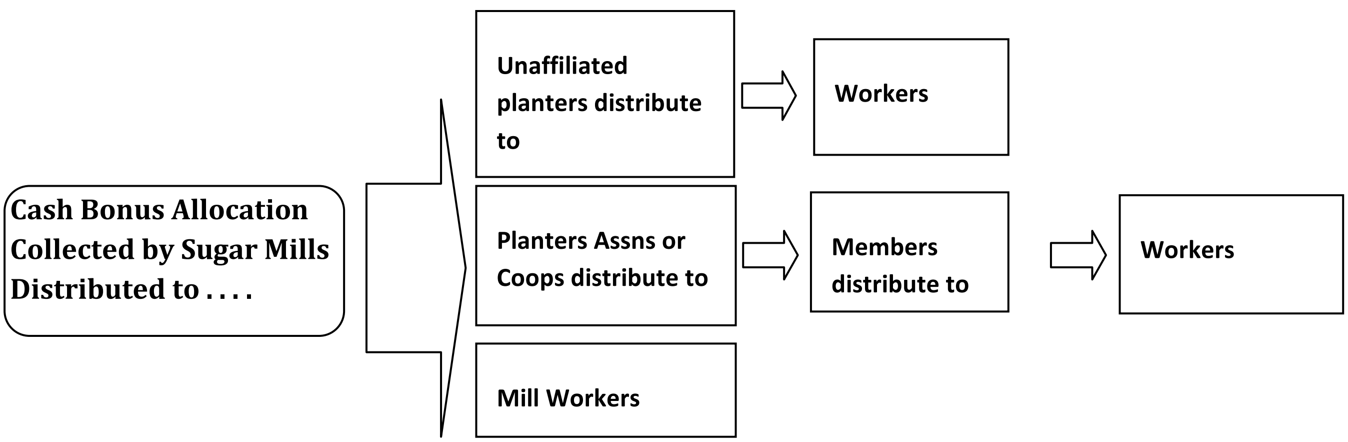
Most agrarian reform beneficiaries (ARBs) interviewed believe that the program is funded by the mill. When informed that they contributed to the fund through automatic deduction from their quedan, the majority of them considered it as a savings mechanism for their benefit. According to them, since it is them and their families who share the amelioration bonus, the deduction is reasonable. Even some ARBs suggested that they are willing to increase their contribution by as much as P5, since the additional P5 will not make them poorer and has no financial impact on them. If they produce 100 LKG/bag of sugar, they pay a total lien of P790. They automatically get back 80% of this lien in the form of cash bonus and the opportunity to avail of social protection services under the SAP if necessary.However, large producers are ambivalent in increasing the lien as it becomes substantial deduction to their income and they could not avail of the benefits of the program.

There are also sectors in the industry that are not aware of the SAP. Migrant workers, for one, are not aware that they are eligible for benefits under the SAP. In fact, there are labor contractors who are not aware that the migrant workers they recruit are supposed to receive their cash bonus share at the end of the milling season. Seasonal plantation workers are also not aware that if they don't avail of their share in the cash bonus, they could not access or will have problems accessing benefits under maternity and death benefit programs.

EXPERIENCES WITH THE CASH BONUS PROGRAM

From 1991 to 2014, total cash bonus distributed is P4.4B or an average of P192M/year benefiting an average 689,893 sugar workers (based on CBF Special Payroll). The cash bonus is mandated to be distributed at the end of the milling season.

The cash bonus share of workers is distributed as follows:



Cash Bonus Share of Mill Worker

The average cash bonus share for mill workers per milling season is P12,000. According to Verna Luzano, Human Resources Manager of Cotabato Sugar Central (COSUCECO), their regular rank & file employees receive an average P18,600 cash bonus per year while their seasonal workers get an average of P9,332per year. Margaret Pama, a rank and file employee of COSUCECO said that their cash bonus is distributed in June in time for the enrollment of their children in school. In Davao Sugar Central, Raul Carvajal, President of *Nagkahiusang Namumuo sa Dasuceco* (NAMADA), the rank and file workers' union of the mill, said that their members receive an average cash bonus of P13,000 during the year.

It must be pointed out that the cash bonus of a worker is dependent on the work they have contributed to the production of sugar. A regular mill worker works the whole year, thus making their contribution bigger compared to a seasonal worker who only works during the milling season. The amount of the cash bonus is also dependent on the production of the mill or the farm where the worker is working. The cash bonus is paid on a per mill and per farm basis.

To illustrate, Busco Sugar Milling Corporation, Inc. produced 1,560,820 LKG/bag of sugar in 2013-14. The total lien paid by the mill for its sugar is P12,330,478. Since 80% of this will be distributed as bonus to its workers, for the 2013-14 milling season, Busco Mill has a CBF for distribution to its workers amounting to P9,864,382. For a small mill like Cagayan Robina Sugar Milling Company, on the other hand,the CBF for distribution in the same milling season in the amount of P742,093 from a production of 117,419.8 LKG/bag of sugar.

In the case of mill employees, the amount of cash bonus is already substantial and the idea of pooling their cash bonus share to fund socio-economic projects for their benefit is unnecessary.

Cash Bonus Share of Plantation Workers

Presently, the cash bonus share of plantation workers is P200 per worker every milling season. In 2006, this was estimated by BWSC at around P300 with an estimated 500,000 plantation workers involved.

Dulce Blas, a board member of Panay Federation of Sugarcane Planters (PANAYFED), when asked what kind of impact does the cash bonus has on her employees, told us "none whatsoever " except that during cash bonus time, her employees purchasea costlier brand of alcoholic beverage for their socials. Joseph Conrad Ledesma, Chairman of Associacion de Hacienderos de Silay Saravia Inc. (AHSSI), a planters association based in Silay City, shared that in terms of impact, the amount is very negligible and is not even enough to pay for the debts of his workers to their cooperative or association.

Due to the small amount of cash bonus received by plantation workers, a proposal to pool the bonus of plantation workers on a mill district level to fund socio-economic projects for their benefit was submitted to the STC. This also surfaced during the National DTC Convention held in Bacolod City on December 13-14, 2006. To field test the scheme, the STC approved a small funding for the organization of a workers association in Bukidnon that will work to convince workers and manage the pooled cash bonus. The Bukidnon Sugar Workers Association (BUSUWO) was organized, and registered with the DOLE. The organization failed due to lack of organizational and managerial capability.

Based on interviews and discussions with sugarcane planters, ARBs, plantation workers, labor leaders and DOLE officials involve in the implementation of the SAP, plantation workers are not willing to pool their miniscule share of the cash bonus to fund socio-economic projects for their benefit. Joseph ConradLedesma of AHSSI shared that his workers had been receiving this bonus since 1992, thus asking them to forego this benefit would raise a howl of protest. He suggested that this could be implemented in the block farms promoted by SRA. Hernane Braza of NACUSIP told SIFI that it would be hard to convince workers to pool their cash bonus citing reasons like lack of mechanism to ensure the integrity of the pooled fund and capacity of the cooperative to manage the project to benefit sugar workers. This is also the attitude of interviewed workers, planters, and agrarian reform beneficiaries in Davao del Sur, North Cotabato and Bukidnon.

Cash Bonus of Migrant Workers under the SAP

Since migrant workers are brought to Negros Occidental, Batangas, Pampanga, and Tarlac by labor contractors, sugarcane planters do not deal directly with them. According to planters they deal with contractors and migrant workers are paid through them. Because of this set up, migrant workers do not appear in the payroll of the farms where they work, which makes them ineligible to avail of their cash bonus. Only the regular workers and local seasonal works of sugarcane planters and family members of ARBs receive cash bonus. A contractor in Batangas who recruits his migrant workers from Quezon province is not aware that his sacadas are entitled to cash bonus under the SAP.

According to sugarcane planters interviewed, aside from the fact that migrant workers are not included in their payroll, they have already returned to their provinces during the distribution of cash bonus which usually happens in June or July in Mindanao and Negros Occidental, and August or September in Luzon. During the next milling season, the migrant worker may work for another planter in another place which makes it difficult for him to collect his bonus even if he is included in the CBF special payroll.

Ruben Samonte, a prominent planter in Nasugbu shares that the amount he paid the contractor during harvest time of P250 per ton already includes the Cash Bonus and their share of other benefits. He adds that unfortunately, this is not broken down as to how much goes to SSS &PhilHealth contributions and the cash bonus. Mr. Hernane Braza of NACUSIP avers that some planters in Negros Occidental have tucked in the cash bonus in the amount paid to contractors. However, since payment of the cash bonus is acknowledged by the CBF Special Payroll, officially, migrant workers do not receive their share of the cash bonus.

Further, the non-inclusion of migrant workers in the Cash Bonus Fund (CBF) Special Payroll precludes them from availing the Maternity and Death Benefit Programs. The CBF Special Payroll is one of the major documentary requirements needed by DOLE when a sugar worker applies for benefits under the Death and Maternity programs. This adds to the eventual non-distribution of the cash bonus.

Undistributed Cash Bonus

As of the second quarter of 2015, an accumulated amount of P286.3M had been reported by the BWSC as undistributed cash bonus. The undistributed cash bonus is forfeited after three years if not claimed and becomes part of the socio-economic fund. According to Yolanda Bugarin, Chief Labor Enforcement Officer and head of the Workers Amelioration and Social Development Division of BWSC, 80% of undistributed cash bonus belongs to small farmers.

Some of the causes of non-distribution of cash bonus are:

1. Late release of CBF by the mill due to delayed withdrawal of sugar from warehouses – release by which time migrant workers have returned to their places of origin
2. Delayed /non-submission of payroll for liquidation – when a planter fails to liquidate the cash bonus released to them for distribution, the cash bonus for workers for the next milling season will also not be released
3. Unclaimed/unremitted cash bonus due to small amount of cash bonus – seasonal workers do not claim their share of the cash bonus due to the small amount.

All unclaimed cash bonus must be returned to the mill which will deposit it again to the joint bank account where it was withdrawn. A plantation or mill worker who fails to get his cash bonus share during distribution time is given three years to claim it. However, the worker must now claim their cash bonus share at the DOLE Regional Office who has jurisdiction over their work place.

ANNEX B

Status of Unclaimed and Undistributed Cash Bonus Fund
Covering Crop Years 1991-92 to 2011-12

Crop Year	Balance (Unclaimed / Undistributed CBF Still with Mills/PA/COOP	Balance (Unclaimed / Undistributed CBF Still with Mills/PA/COOP	Increase / (Decrease)	% Increase / (Decrease)
	as of 2012 COA Report	as of 2nd Quarter of 2015	2012 COA Report vs Balance as of 2Q 2015	
CY 1991-2004	5,397,650.98*	73,967,332.60**	68,569,681.62	1270.36%
2004-05	17,474,087.10	16,714,284.61	(759,802.49)	-4.35%
2005-06	20,948,847.50	19,851,444.28	(1,097,403.22)	-5.24%
2006-07	40,051,473.02	34,792,440.20	(5,259,032.82)	-13.13%
2007-08	44,329,663.56	42,549,861.15	(1,779,802.41)	-4.01%
2008-09	25,831,718.21	21,346,194.67	(4,485,523.54)	-17.36%
2009-10	29,672,025.54	19,197,583.96	(10,474,441.58)	-35.30%
2010-11	76,220,508.41	28,306,080.99	(47,914,427.42)	-62.86%
2011-12	147,883,486.74	29,576,900.49	(118,306,586.25)	-80.00%
Total	**407,809,461.06**	**286,302,122.96**	**(121,507,338.10)**	**-29.80%**

* Represents only unclaimed CBF still with Mills / PA
** Includes unclaimed and undistributed CBF still with Mills / PA / Coop /PM based on validated program status submitted by DOLE ROs as of 2014

The forfeited undistributed cash bonus is used to fund projects for sugar workers like Food for Work Project, Vegetable Production, and Employment Generation projects like Repair of Sugar Roads during the off-milling season or Tiempo Muerto. The Bio-Mass Charcoal Making Project of Kabulig Foundation which uses sugarcane trash as raw material is one example of projects funded by the forfeited cash bonus.

The large amount of undistributed cash bonus is a sign that the delivery system of the SAP needs to be reviewed and adjusted to ensure the maximum distribution of cash bonus fund.

EXPERIENCES WITH SOCIO-ECONOMIC PROGRAMS

Maternity Benefit Program

The program provides cash assistance of P2,000 directly to a covered woman sugar worker to defray expenses incurred during delivery or miscarriage. From 1992 to 2015, the program disbursed a total amount of P119.877M to 64,739 women sugar workers or an average of 2,629 female workers per year. Since 2002, the DOLE has an annual collection of P11.4M for the maternity benefit fund.

A female worker is given three years from the date of birth of her child to avail of the benefit. Only the first four deliveries are covered under the SAP. Spouses of male workers whose names do not appear in the Special CBF are not eligible for the benefit. For mill workers, requirements like pay slip, employer's certification, number of days work during the milling season (at least 90 days) is readily available through their HR Dept. According to Verna Luzano, HR Manager of COSUCECO and a member of the DTC of Cotabato, the mill provides the documentary requirements upon request of employees. The mill workers are also assisted by their unions in accessing this benefit. According to Margaret Pama, the HR clerk of COSUCECO and who has availed of the benefit, it is released between three weeks to two months.

The cost of transportation and documentary requirements for submission to the Provincial Office of DOLE are the major concerns of plantation workers. According to Dulce Blas of PANAYFED based in Iloilo City, one of the major costs incurred by plantation workers is transportation cost which includes tricycle fare, bus or jeepney fares and meals during submission of documents to DOLE office in Iloilo City. “If a sugar worker does not know her way in the city and this requires someone to accompany her. Once this happen, it doubles the cost of submitting the application form and documentary requirements,” Ms. Blas related. Since the maternity benefit is only P2,000 sometimes workers would not avail of it anymore. She suggested that the Maternity benefit be increased to make it more realistic.

In Batangas, as shared during a focused group discussion with officers of five ARB cooperatives, there are cases when the claims for the 1st and the 2nd child of a worker were released at the same time. In normal circumstances, the maternity benefit according to ARBs is released within one to three months. The group also suggested that the maternity benefit be increased by at least P2,000 to P4,000.

Darius Lubis, LEO 3 and SAP Officer of the DOLE Provincial Office in Batangas, related that this kind of delay is caused by submission of incomplete documentation requirements. According to him, sometimes a local seasonal worker (hurnal) could not submit an employer’s certification or her number of days rendered during the previous milling season is not enough as required by law, as shown by her CBF Special Payroll. To remedy this, DOLE would request the last two previous milling seasons’ CBF Special Payroll from the worker. In Batangas, Davao del Sur and Cotabato, a female worker is required to submit three latest CBF Special Payrolls as requirement to avail of maternity benefit.

It must be noted that local seasonal workers (hurnal) have multiple employers during the milling season. They would work for two days in one farm, transfer to another farm and work for a week and so on. Since most of the work is *pakyaw*, more often, records of their employment during the milling season would be incomplete thus making it difficult for them to accomplish the documentation needed to apply for maternity benefit.

To reduce the cost of transportation incurred by workers, planters and labor union representatives suggest that DOLE open satellite offices in various mill districts in the country. In Batangas, SAP officer Darius Lubis hold office in Balayan every Thursday and in Nasugbu every Friday. In the past, DOLE-Bukidnon has an office at the BUSCO Mill compound but this was discontinued due to lack of funds and personnel.

Summary Report on the Sugar Workers Maternity and Death Benefit Programs Implementation
CY 1992 - 2015
As of June 2015

Year	Death Benefit		Maternity Benefit	
	No. of Claims	Amount Paid	No. of Claims	Amount Paid
1992-1999	7,387	30,344,000.00	20,270	31,195,000.00
2000	1,453	7,391,000.00	4,518	9,014,500.00
2001	1,439	8,211,000.00	4,656	9,312,000.00
2002	1,538	10,397,000.00	4,250	8,500,000.00
2003	1,640	10,544,000.00	3,936	7,640,000.00
2004	2,083	14,570,000.00	5,173	10,346,000.00
2005	1,979	13,838,000.00	4,893	9,784,000.00
2006	1,585	11,095,000.00	3,599	7,198,000.00
2007	1,356	9,492,000.00	2,614	5,228,000.00
2008	1,487	10,409,000.00	2,684	5,368,000.00
2009	1,313	9,191,000.00	2,268	4,536,000.00
2010	1,431	10,017,000.00	1,442	2,884,000.00
2011	962	6,734,000.00	1,037	2,074,000.00
2012	949	6,643,000.00	1,056	2,112,000.00
2013	1,052	7,364,000.00	1,173	2,346,000.00
2014	1,176	8,232,000.00	928	1,856,000.00
2015	423	2,961,000.00	233	466,000.00
TOTAL	**29,253**	**177,433,000.00**	**64,730**	**119,859,500.00**

Amount per claim:

a) Death Benefit
July 1991 to April 30, 1995 - ₱3,000.00
May 1, 1995 to Aug. 30, 1996 - ₱4,000.00
Sept. 1, 1996 to Aug. 30, 2000 - ₱5,000.00
Sept. 1, 2000 to April 30, 2001 - ₱6,000.00
May 1, 2001 to present - ₱7,000.00

b) Maternity Benefit
Sept. 1, 1992 to April 30, 1995 - ₱1,000.00
May 1, 1995 to Aug. 30, 1996 - ₱1,500.00
Sept 1, 1996 to present - ₱2,000.00

Death Benefit Program

The Death Benefit Program provides assistance of P7,000 to defray the cost of funeral and related expenses payable to the beneficiaries of the deceased sugar workers. From 1992 to 2015, a total of 29,258 families were assisted in the amount of P177.468M. The death benefit fund collected by DOLE since 2002 is P247,000,000.

Since the basic requirements to avail of the death benefit are the same as that of the maternity benefit, the problems faced by plantation workers in accessing it are the same. Documentation and cost of transportation are concerns raised by workers interviewed in availing of this benefit.

Sugar workers, to avail of this benefit, must have rendered at least four (4) months of continuous or aggregate service immediately prior to their death. The beneficiaries of workers are allowed three (3) years from the death of the worker to claim this benefit. A sugar worker who died but has not work in the previous milling season is disqualified to avail of the benefit.

Workers, ARBs and even mill workers agree that the amount of P7,000 is not enough to defray the cost of burial and suggest that the amount be increased. Raul Valmores, DOLE Provincial Director of Bukidnon suggests that the death benefit be increased to P10,000.

Socio-Economic Project Fund

This component provides livelihood, income and employment generation, education, skills training, health care and other related projects intended to further enhance the socio economic status of sugar workers, their families and their organizations. Since 2002, DOLE has an annual collection of P31M for the Socio Economic Program Fund.

Programs under this component are implemented by SIFI, planters' federations and foundations, sugar workers union, and the BWSC. The fund is allocated according to the production of the sector an implementer represents. As an example, SIFI represents the interests of CONFED, PANAYFED, PSMA, and unaffiliated mills; thus it gets more or less 70% of the total socio-economic project fund. From 1993 to June 2015, a total of P549.150M was released for the implementation of various projects, helping 543,759 sugar workers and their dependents nationwide. The funded projects under this component are shown in the table below:

Table 2: Socio-Economic Projects

Project Type	Amount	%	Number of Beneficiaries
Educational Aid Program	P260,789,236.85	47%	52,079
Health Care Program	P62,096,467.31	11%	180,920
Income Generating /Livelihood Program	P48,632,266.89	8%	12,496
Tiempo Muerto Projects	P7,916,307.38	1.4%	16,765
Skills Training/Capability Building	P45,505,327.60	8%	16,008
Classroom Construction	P5,800,000.00	1%	1,160
Financial Assistance/Soft Loan	P2,336,000.00	.04%	2,337
Calamity Assistance Program	P13,258,070.00	2%	19,975
Rice/Relief Assistance For Displaced Workers	P37,787,845.64	6%	236,859
I-SERVE Sacadas Project (Livelihood Component)	P8,760,000.00	1.5%	1,431
Food Assistance to Sacadas	P714,217.00		1,687
Construction of Sugar Workers Livelihood & Training Center	P41,903,073.89	7%	
Emergency Employment	P15,604,498.60	2%	2,500
TOTAL	P549,150,812.56	100%	543,759

Source: BWSC Summary of Projects funded under SEPF

Direct educational grants and other forms of subsidies under education like skills training/capacity building, classroom & training centers construction are the major investment under the Socio-Economic Project Fund (SEPF). It is 66% of the total projects funded since 1992.

SIFI gets about 70% of the P31M socio-economic project fund (SEPF) annually and spends 60% of its program budget to educational grants and subsidies. In the 2011 annual report published by SIFI, it had provided 69,574 educational grants to children of sugar workers in the country amounting to P150.06M since 1992. According to SIFI President Edith Y. Villanueva, SIFI scholars are working in government, business, academe, hospitals, factories, as catholic priests, and civil society organizations. Foundations of NFSP and UNIFED are also implementing education and vocational training programs for the benefit of the children of their workers. A few of the SIFI's successful scholars are listed below.

Table 3: SIFI Scholars

Name	Position	Company
Dr. Rachelle Calleja, MD	Medical Doctor Obstetrician/Gynecologist	CL Montelibano Memorial Hospital-Bacolod City
Engr. Rommel John Java	Instrumentation Engineer	Yokogawa-Singapore
Ramon Reyes, Jr., CPA	Financial Analyst	Kraft Foods -Philippines
Engr. Orville Parreno	Production Supervisor	Del Monte-Philippines
Engr. Leo Carillo	Staff Engineer-PG7	MERALCO
Rosevic Chua-Canitan	Project Accountant	National Grid Corporation-Cebu

Under its Health Program, SIFI has subsidized projects like health insurance for sugar workers, free medical dental missions to underserved areas in various mill districts, *botica sa barangay*/cooperatives, donation of equipment to far flung health centers, and donation of ambulances.

Integrated Services for Migratory Sugar Workers (I-SERVE), a program specifically designed for sacadas and their families had been implemented by the Bureau since 2010. This involves provision of capacity building and financial grants to migrant workers and their families. An initial fund of P10.7M was allocated and project sites identified are in Regions 5, 6 & 7.

EFFECTIVENESS OF THE TRIPARTITE MECHANISM

When the tripartite council under Presidential Decree 621 was proposed by Atty. Zoilo dela Cruz to then Labor Secretary Blas Ople at the District level as a mechanism that will help the STC oversee the implementation of the SAP, some labor leaders opposed it. But the rationale behind it was to establish a tripartite body at the district level not only as an extension of the STC but to have a mechanism that could help in resolving labor dispute within the industry.

The STC, true to its mandate, has been meeting quarterly to decide on issues presented to the body regarding the program. It recommends for approval to the Secretary the funding of various programs under the 9% socio-economic fund. It also reviews policies like amendments to the IRR, guidelines for the use of forfeited undistributed cash bonus and recommends it to the Secretary for approval. During disasters caused by typhoons and other calamities like prolonged drought, it recommends to the Secretary the use of 5% of the socio economic fund for disaster relief.

The DTCs have also contributed to the implementation of the SAP through mandated monitoring functions. The DTC, through the Provincial DOLE office, monitor the implementation of projects funded by SAP funds in their mill district. It also recommends policies and appropriate projects for funding that could benefit workers in the district.

Some DTCs have also become a mechanism not only for the SAP but also for other issues affecting the industry. As an example, the Joint DTCs of Central Azucarera Don Pedro, Inc. (CADPI)and Batangas Sugar Central, Inc. (BSCI) mill districts in Batangas have become a venue where the DOLE, labor contractors, and planters discuss rates of payment for workers, agree on social protection for workers, and even deliberate on child labor issues by adopting the Voluntary Code of Conduct for the Elimination of Child Labor in the CADP and BSCI Mill Districts. The Joint DTCs of BUSCO and Crystal Mill Districts in Bukidnon also provide inputs to issues of wages in the industry, aside from its SAP functions. It has become an active participant in the efforts of the provincial government of Bukidnon in child labor elimination not only in the sugar industry but in other sectors by supporting various initiatives. It is also credited as the mover in the formulation and adoption of the Voluntary Code of Conduct for the Elimination of Child Labor in the Sugar Industry of Bukidnon. The DTCs pushed for the formulation and adoption of the Child Labor Monitoring System in areas planted to sugarcane. The DTC of Cagayan Robina Sugar Milling Company (CARSUMCO)mill district in Cagayan has been able to unite planters' associations coming from different federations to implement joint social projects for the benefit of workers. The DTC of Davao del Sur has come up with initiatives like ID System for Sugar Workers in the Davao Sugar Central Corporation(DASUCECO) mill districts to easily identify plantation workers and facilitate the delivery of service under the SAP.

From these experiences and track record, it is apparent that tripartism is a mechanism that works in the sugar industry.

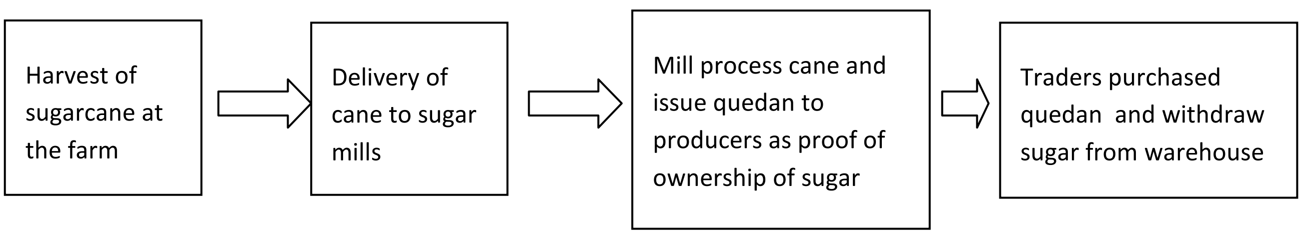
APPLICABILITY OF SAP TO OTHER INDUSTRIES

This section explores the applicability of the SAP from the sugarcane industry to other local industries including the coconut industry, the rice industry, and the pineapple and banana industries; and sugarcane industries in other countries. Based on earlier studies and interviews with key informants, three factors determine the applicability of SAP to other local industries: 1) a tracking system of the source of raw materials, 2) a centralized purchase system, and 3) a legal mandate for the implementation of a SAP in these industries. For the SAP's applicability to other sugarcane industries, the identification of the source of funds and the needs of the workers are added as factors that should inform their version of the SAP.

SAP IN OTHER LOCAL INDUSTRIES

SRA Administrator Regina Martin shared that for the SAP to be applicable to and successful in other agricultural sectors, the industry should have an adequate tracking system that could identify the source of raw materials delivered to factories for processing. This will make the identification of beneficiaries easy, as experience in the sugarcane industry has shown.

Graphically, the sugarcane industry production flow could be shown as follows:

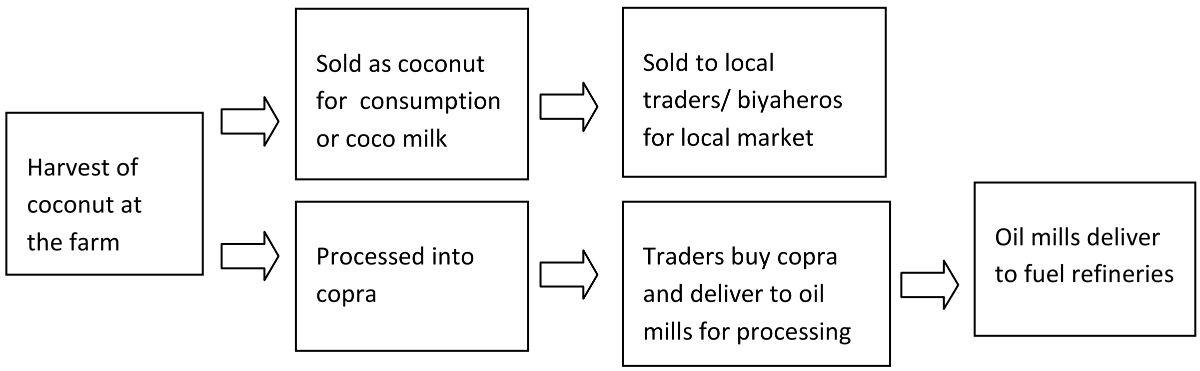


Since the quedan or warehouse certificate is issued to individual planters or to cooperatives or associations, it facilitates the identification of the beneficiaries of the SAP. According to Joey Ledesma, this is a boon and bane for the industry. It is a boon because the industry is organized and can easily facilitate the implementation of the SAP but a bane as paper trail of the transactions is available and can easily be monitored.

According to Yolly Bugarin of BWSC, the SAP under the Bio Fuels Act which involves the production of ethanol uses the cane purchase method, is easy to implement since production is being supervised by SRA and a system to identify the source of sugarcane or molasses had been set up.

Under the Bio-Fuels Act pertaining to ethanol, a lien of P3.50 per ton is collected if the feedstock is sugarcane to benefit industrial and plantation workers. But if the raw material is molasses, a lien of P12.25 per metric ton is collected to benefit only industrial workers.

<u>Basic Marketing Flow of Coconut Industry</u>



In contrast, Juancho Maningat, manager of KAMAHARI Multi-Purpose Cooperative, in an interview said that the coconut industry, for instance, would have a hard time in replicating the SAP since the end product sold is varied. Coconuts are sold as young nuts (to be eaten), as source of “gata” or coconut milk or as copra. This will make the tracking of sources of produce and identification of workers who will be the beneficiaries difficult.

Similarly, for the production of bio-diesel which involves coconut oil as raw material, the identification of beneficiaries is difficult since the source is often not identified. The coconut industry has not set up a mechanism that could identify the source of the raw material. Given the present set up in the coconut industry, the DOLE has issues in implementing the amelioration program pertaining to bio-diesel under the Bio-Fuels Act.

For the rice industry, an applicability study by DOLE in Cotabato entitled “An Applicability Assessment Report on the Social Amelioration Programs and funded by the International labor Organization (ILO)” showed that SAP could be implemented for rice farmers on a limited scale or localized level. The study revealed that it could be implemented up to the municipality level but issues of who will handle and safeguard the lien collected, and the organizational maturity of farmers’ organization as partner implementer must first be addressed. To implement a municipal level SAP for rice farmers, the centralized purchase of palay by members of its cooperatives must be successfully implemented.

Basic Marketing Flow of Rice Industry

Harvest of palay at the farm → **Centralized purchase of palay by coops from members** → Sold to Traders and collection of lien → Lien distributed back to coops to fund social welfare for farmers' members

DOLE Bukidnon Provincial Director Raul Valmores shared that the industry in Mindanao that could implement an amelioration program modeled on SAP are the pineapple and banana industries involved in export. According to Valmores, both industries have set up a tripartite mechanism called the Industrial Tripartite Council and had published a Voluntary Code of Good Practices to guide its contract growers. Since contract growing is the strategy of multi-nationals in the production of bananas and pineapple, each industry could easily identify the source of produce and the workers who will benefit from the lien.

Basic Marketing Flow of Banana & Pineapple Industry

Harvest of banana or pineapple from plantations of contract growers → Factory process fruits/package → Factory export to other countries

Aside from adjustments in industry practices, stakeholders recommend that a law or a legal mandate must be passed to give implementers the authority to collect a lien and to utilize it for programs. According to Ruben Samonte, a sugarcane planter from Batangas, a law is necessary to make producers contribute to the fund. If it is voluntary, no producer would contribute to it.

SAP IN SUGAR INDUSTRIES IN OTHER COUNTRIES

Sugarcane is cultivated worldwide and is considered as one of the major agricultural contributors to the economies in Central America and countries like Brazil, Thailand, India, Pakistan, and Australia.

The sugar industry is a pivotal sector of the Central American economies. In most countries of the region, sugarcane accounts for about one-third of agriculturally generated revenues. Some 350,000 hectares of land are currently planted with sugarcane, making this sector a leading user of agricultural land in the region, as well as a major employer, providing an estimated 200,000 direct jobs region wide. Guatemala is the Central America region's leading sugar producer with 52% of total output, followed by Costa Rica and El Salvador with 12.5% each, Nicaragua 10.7%, Honduras 8%, and Panama with 4.6%.

According to Atty. Jesus Barrera, Board Member of SRA, sugar industries in other countries like those in Thailand, Australia, and Central America do not use the quedan system but a system called cane purchase. Under cane purchase, the sugar mill pay the planter an agreed amount per ton of cane delivered to the mill. Barrera also noted that only the Philippine has a mandated social amelioration program for sugar workers funded by producers generated through a lien.

From the Philippine experience, the following points are emphasized as key features of the SAP that could be studied and adopted should a country in Central America or South America be interested in setting up a similar program for the workers of their sugar industry.

1. **Legal Mandate**

Republic Act 6982 provided the legal mandate to the SAP. The law made the collection of the lien mandatory, provided for the allocation or distribution and spelled out the type of programs that could be funded. The Act facilitated the collection of the lien and the participation of the industry in the implementation of the programs.

However, the law also placed the SAP in a straightjacket. Any improvements in the SAP, like increasing the lien or adjusting the allocation of the lien requires the amendment of the law which is a tedious process and could be delayed by interest groups.

2. **Tripartite Mechanism**

The tripartite mechanism composed of representatives from producers (millers & planters), labor and government is a model that could be adopted not only to manage the program but as a mechanism to achieve industrial peace within the industry. The tripartite council could serve as an advisory body to the implementing agency of the program. It could provide inputs to policies and guidelines that will be used in implementing the program. A tripartite mechanism would also be a good system to safeguard the funds of the program.

3. **Tracking System to Identify Source of Cane**

The cane purchase system used by sugar industry in other countries can be used as the tracking system to identify where the cane comes from. The identification of the source of cane will facilitate the collection of the lien and identification of the workers who shall benefit from the programs to be funded. The mill could easily identify the source of the cane as records of deliveries are tracked down to facilitate payment.

4. **Amount of Lien and Lien Collection**

As shown by the ethanol industry in the Philippines, the collection of lien could be based on cane purchase with a lien imposed on a per ton basis. This practice could be adopted in other countries as a basis for the collection of their lien.

It is recommended that the lien to be collected be made a percentage of the price of cane per ton with a minimum limit. This could be expressed in the law as "the lien to be collected shall be percentage (%) of the prevailing price per ton of sugarcane but should not be below a certain minimum amount. Using the percentage of the price per ton of sugarcane delivered will allow the lien to be collected some flexibility as it is based on price and not on an exact amount as in the Philippine experience.

The mill will be used to collect the lien as it could easily deduct the lien from the proceeds of the planter and pay the farmer, the price of his delivery net of liens.

5. **Programs to be Funded by the Lien**

The type of programs to be funded by the lien should match the needs of the workers to be assisted. Social protection programs are recommended with financial benefits or subsidies that are realistic but will also ensure the sustainability of the fund. Social protection services could include health insurance, social security, housing subsidy, educational subsidy among others.

CONCLUSIONS

The Changing Context of the SAP

Twenty four (24) years ago, in 1991, the industry was called a sunset industry by no less than President Cory Aquino. It was just recovering from the financial crises of the mid-1980s. Given that background, and the capacity of the producers to contribute, the liens collected for social amelioration was reasonable. The lien to be collected was P5 at the start of the first year and a P1.00 increase every 2 years until it reached the amount of P10. In 2001-02, the lien collected reached the amount of P10 per picul or P7.90 per LKG bag.

At that time in 1991, sugar plantations had not been fragmented due to the Comprehensive Agrarian Reform Program thus producers were efficient and had volume production. Since most of the workers are staying within the hacienda, distribution of the cash bonus was expected to be efficient.The allocation of 80% of the fund to cash bonus was a good idea given that the major objective of the program is to augment the income of sugar workers.

After 24 years, the cash bonus share of plantation workers had become insignificant that no economic impact is felt by workers. The migrant workers are still marginalized and are not participating in the benefits of the program. The benefits of the maternity and death benefit while adjusted several times had not kept up with increases in prices. The socio-economic component is the only bright spot in the components of the SAP. The subsidies are realistic and access by beneficiaries is not mired in bureaucratic red tape.

Overall, the SAP has become an inadequate mechanism limping along providing token financial assistance to a mass of beneficiaries which almost doubled from 500,000 in 2006 to 800,000 workers in 2014.

But as the industry itself is involved in all the phases of implementation, failures in the implementation of the SAP cannot be placed in the doorstep of any single government agency. The industry collects the lien through the sugar mills; it distributes the bonus through the planters; and projects are implemented by industry-sanctioned organizations. The inadequacies in the SAP implementation are also the collective inadequacies of the industry.

Gains in the SAP: Awareness Levels, Delivery System, Fund Management

The identification of the source of production is greatly enhanced by the quedan system adopted by the industry. This enabled the SAP to properly identify the source and volume of production allowing the correct deduction of the liens from each producer. The quedan system also made it easy to identity workers and their location.

The tripartite mechanism (STC & DTCs) has worked as expected by the proponents of the law. Aside from implementing the SAP, it helped maintain industrial peace within the industry and some DTCs have become advocates on social issues like child labor in the industry.

Target beneficiaries of the SAP have a high awareness of the program and its components. This is manifested in the number of workers who availed of the cash bonus. But the SAP has failed to mainstream the migrant workers (Sacada) sector into the SAP, marginalizing the sector since 1992.

The Department of Labor and Employment (DOLE) has provided integrity to the fund. As a trust fund under the care of the department, it had been properly disbursed and accounted for. The oversight of the Commission on Audit has provided an added safeguard to the fund. The money had not been subjected to abuse by stakeholders as what happened to the fund of the coconut levy.

Challenges in the SAP: Inadequacy of the Socio-Economic and Cash Bonus Programs

In 1991, when the plantations were not yet fragmented by CARP, workers were concentrated in haciendas. At that time plantation workers was estimated at 400,000 with almost 2M dependents. The amount of P400 may look small today but in the 1990s the amount was still substantial. Daily wage earners are receiving around P180 per day in Metro Manila. In 2006, the DOLE estimated that each sugar plantation worker is receiving an average of P300 cash bonus per milling season.

However the fragmentation of plantations had increased the number of plantation workers to almost 800,000 doubling the number of beneficiaries of the cash bonus dependent on a lien pegged at P7.90 per LKG/bag since 2002. The peso has also declined in its value due to inflation which now makes the cash bonus share of each plantation worker very small. The present situation of the sugarcane industry has changed since 1991. The realities are different and the challenges more complex. The needs of workers have also changed and the responses as provided for in the law, has become inadequate.

It is also important that the integrity of the cash bonus special payroll must be protected. Information shared during interviews alleged that some payrolls for the cash bonus are signed by only one person.

The substantial amount of undistributed cash bonus is also a matter of concern that the STC should look at. As of crop year 2011-12, undistributed cash bonus has accumulated to a staggering amount of P286M.

The delivery system of the SAP must evolve into a system that not only assures maximum distribution of benefits but also informs and update beneficiaries of developments in the program.

Financial assistance under the social protection components is far from the level of adequacy it provided in 1991. The objective to supplement the capacity of sugar workers during events of maternity and death remains; but after 24 years, the P2,000 for maternity and P7,000 for death have become inadequate.

For education, under the socio-economic project component, most of the grantees were in high school in 1992. The assistance provided by SIFI of P500 to each grantee was sufficient as majority were enrolled in public high schools. Presently, SIFI provides P6,500 per semester financial assistance under its Educational Assistance. Sixty six (66%) percent of disbursements under the socio economic project component is on education and capacity building. It includes educational assistance, skills training, construction of classrooms, and construction of livelihood training centers for sugar workers

The funding of I-SERVE Sacadas, to support migrant workers, is significant as this recognizes the special needs of the sector. There is a need to expand the services to include social protection programs for sacadas. The I-SERVE program could also come up with a data base on migrant workers so that provision of services could be enhanced. However, the program reach is only 5% annually or a mere 40,000 out of the total 800,000 workers in the industry. The amount of P31M per year for socio-economic project is small vis-à-vis total target beneficiaries. The forfeited undistributed cash bonus augments the fund but the rules on the use of the forfeited undistributed cash bonus needs to be amended so that the fund could be used not only in areas where it came from but in other areas which it is needed most.

There is a need to review RA 6982, its implementing rules and regulations to make it more responsive to the needs of its constituents. If there is a need to amend the law, stakeholders must look for a champion in Congress to facilitate its amendments. The SAP, with all its flaws at present, is a mechanism worth saving as it showed that industry wide profit sharing is feasible.