

Agricultural Cooperatives as Vehicles for Rural Poverty Alleviation and Development

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Poverty is one of the biggest and most evident problems in the *Philippines*. While the number of Filipinos living in poverty dropped from 26.6% in 2006 to 21.6% in 2015, many are still struggling for the most basic human needs. In 2015, 21.9 million Filipinos are considered poor earning below the annual poverty threshold of PhP 21,756. Also, the number of poor families even increased from 3.81 million in 2006 to 4.21 million in 2015 (PSA 2015). Further, 8.2 million Filipinos were still not able to meet their basic food needs (PSA 2017).

Most of the country's poor live in rural areas and depend on agriculture with farming and fishing as their main source of livelihood. In fact, these farmers and fishermen had higher poverty incidence than the general population from 2006 to 2015 (Figure 1). In 2006, the poverty rate among population is 26.6% but poverty rate among farmers and fishers was recorded at 38.5% and 41.2%, respectively. In 2015, the country was able to reduce its poverty rate to 21.6%; however, farmers and fishermen were still the poorest among the basic sectors with 34.3% and 34% poverty incidence, respectively.

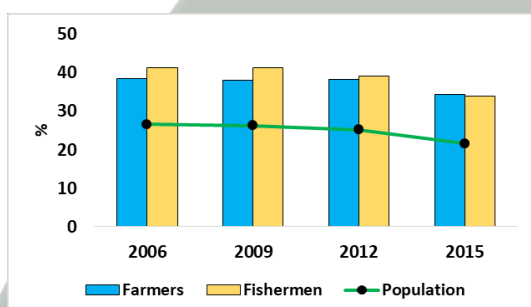


Figure 1. Poverty incidence among the population, farmers and fishermen, Philippines (Source of basic data: PSA 2017)

ADB (2009) and Dy-Liacco (2014) cited that low farm productivity is a major factor why most of the residents in rural areas live below the poverty line. Also, most of these rural folks are smallholder farmers and landless rural workers who are facing a range of problems such as lack of production and marketing information and voice in decision-making. Their production systems still involve use of simple, outdated technologies resulting in low productivity and farm income (Montiflor et al. 2008) (Figure 2). Hence, government programs have emerged to help these smallholder farmers benefit from modern agricultural production and marketing. Among them is the development and promotion of agricultural cooperatives, which constitute a major vehicle to improve

the performance of smallholder agricultural producers. Agricultural cooperatives encourage their members to adopt yield-enhancing technologies (Abebaw and Haile 2013) to enhance farm productivity (Abate et al. 2014, Francesconi and Ruben 2012). Moreover, cooperatives strengthen farmers' bargaining power in the markets and thus gain more competitive prices for both inputs and outputs (Hellin et al. 2009, Holloway et al. 2000, Jia et al. 2012, Markelova et al. 2009, Moustier et al. 2010, Trebbin 2014, and Valentinov 2007).



Figure 2. Traditional rice farming system in the Philippines <http://sri.ciifad.cornell.edu/images/philsimage/PhilsPanayZIDOFA1117.jpg>

In the Philippines, agricultural cooperatives are composed of agriculture, multi-purpose, agrarian reform cooperatives, and dairy cooperatives. Cooperative organization has been regarded by the government as one of the key policy instruments in technology promotion, rural farmers' empowerment, and poverty alleviation. In the case of Parista Barangay Defense System Multipurpose Cooperative (PBDS-MPC) in Nueva Ecija, it was found out that farmer-members have higher level of technology adoption and have recorded an increase in rice yield of at least 0.5 mt/ha. This can be attributed to farmer-members' adoption of various technologies such as the use of certified seeds, Minus One Element Technique (MOET), leaf color chart (LCC), integrated pest management (IPM), and rice-based farming systems (Bautista 2016). Agricultural cooperatives also aid in the improvement of farmer's marketing efficiency. For example, Sumalde and Quillooy (2015) cited that through collective action, the Sorosoro Ibaba Development Cooperative (SIDC) in Batangas and Subasta Integrated Farmers Multipurpose Cooperative (SIFMPC) in Davao were able to successfully empower marginalized farmers resulting in increased market participation and enhanced access to more profitable markets. Sourcing production inputs from SIDC, small hog raisers receive patronage refund and other services as an organized group. Hence, support and promotion of agricultural cooperatives could be an effective tool towards rural poverty alleviation and development.



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