



Philippine Institute for Development Studies
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Philippines

Panel Presentation:

Developing Smallholder Inclusive Value Chain Models for Local and Global Markets

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Philippine experience with small-holder inclusive business models

The setting

- In 2014: 11.2 million workers in agriculture (Labor Force Survey)
- In 2012: 8,325,836 registered farmers, farm workers, fishers
 - Of which farmer: 2.8 million
 - Of which farm worker: 2.7 million
- Average farm size: **2.02** ha as of 2002 (9.7 million ha)

The setting

- Compared to 1991: **2.2** ha
- What's changed?
 - Of course, population growth
 - Game-changer: ***agrarian reform***
- Series of land reform programs since 1960s
- Latest: 1987 – 2014: distributed 4.765 million ha, to 2.75 million beneficiaries (ARBs)

Class of smallhold owner-operators:

- Four types are observed:
 - farmer-owned business: this is default mode for new class of land-owners
 - management contracts (eg tenant farming, sharecropping) – still fairly common, e.g. in retention limit of landowners, or uncovered lands
 - joint venture: “alternative venture agreements” (AVAs) with agribusiness plantations
 - contract growing: plantations, processors (e.g. tobacco, pineapple, banana), chicken and swine

How much research on this topic?

This area is under-researched!

- Sharecropping and leasehold: well-studied, esp. in rice and corn
- Other types of contracts: less is known
 - Some studies of cooperatives (but not using transaction cost theory)
 - Characterization of agricultural contracts: PIDS studies from 2007; studies in Mindanao (Southern Philippines) plantations (oil palm, banana)
 - Contract farming: better studied (Banana, Pineapple; Livestock and poultry; impact study for Tobacco)
 - Joint venture: sparse – some literature from government research service

Other points of interest

- Agricultural value chains – various aspects considered in the literature (mostly gray); touches upon inclusiveness re smallholders
- Government is promoting:
 - value – adding via agricultural value chains
 - Inclusive business models: setting up an certification scheme to accredit legitimate inclusive business models set up by private companies (ADB-supported); modality of government support/incentives being considered by policymakers
- Certainly: tremendous interest in, but lack of evidence on, inclusive business models for agriculture



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