

**Analysis of “*One-Town One-Product*”
Model as a Tool for Poverty
Alleviation: Oil Palm Growing in
Sultan Kudarat and North Cotabato,
Philippines**

**Research team composed of:
Ellson, Adela*., Romo, G. D.,
Traje, A., Sarmiento, J.M.,
Jara, F.I., Ebarle, E.J., Merced, D. E.**



Poverty Alleviation– OTOP/Oil Palm...

Introduction

- Poverty alleviation in the Philippines
 - Regional targets in the MTDTP(1010-2004)
 - Focused on nine commodities to include oil palm
 - to develop at least 2 million hectares of agribusiness land within 6-year period to generate 2 million jobs
 - to increase availability of food at reasonable prices



Poverty Alleviation– OTOP/Oil Palm...

Introduction

- Inspired by the OVOP (one product –one village) model of Japan
- “simple but powerful idea of encouraging villages or local areas to concentrate on one product that they did very well and then work to market that product abroad”.
- Modeled from the experience of Thailand (One tambon-one product) and experience of Laos (textile industry)



Poverty Alleviation– OTOP/Oil Palm...

Introduction

- Mindanao has the highest number of poor provinces
- Need to facilitate the achievement of the goals of the Agricultural Fisheries Modernization Act (AFMA)
 - food security, poverty alleviation, social equity, global competitiveness, and resource sustainability



Poverty Alleviation– OTOP/Oil Palm...

Introduction

- Oil palm growing - focus areas in Mindanao ((CARAGA, ARMM, and Region IX), Regions IV-B, V and VIII
- MTDP - directed to enhance OTOP
 - introducing comprehensive package of assistance in the form of development, skills and entrepreneurial training, marketing assistance
 - introduction of appropriate technologies.



Poverty Alleviation– OTOP/Oil Palm...

- MTDP (2004-2010: p. 24) reported that as of the third quarter of 2008, out of the total of 8,072 new Small and Medium Enterprises, (SMEs), 25,578 were assisted under the One Town-One Product (OTOP) Program.



Poverty Alleviation– OTOP/Oil Palm...

- since its inception in 2004, the OTOP has already generated an estimated of PhP7.7 billion in investments and 268,519 jobs



Poverty Alleviation— OTOP/Oil Palm...

- realized earnings worth PhP8.2 billion from domestic sales and US\$340.4 million from exports.
- these figures include palm oil as one of the components for Mindanao production.



Poverty Alleviation– OTOP/Oil Palm...

Poverty issue in Mindanao

- Asian Development Bank report (as cited in the MTPDP 2004-2010:
 - the average income of the poor in the agriculture sector was about 84.5 percent of the poverty line
 - inequality was highest among families who rely on agriculture and fisheries as a source of livelihood



Poverty Alleviation– OTOP/Oil Palm...

- high underemployment rate (48.8 percent of 17.5 percent country's rate) in the agriculture sector is still prevalent (NSO, 2008)
- attributed to the seasonal nature of agriculture work coupled with very low levels of diversification and cropping intensity



Poverty Alleviation– OTOP/Oil Palm...

Objective:

To assess the effect of the
government program related
to OTOP and attached
programs



Poverty Alleviation— OTOP/Oil Palm...

METHODOLOGY

- The study was conducted in Sultan Kudarat and Kidapawan in Mindanao Island, Philippines.
- In the Sultan Kudarat area, the municipalities include Bagumbayan, President Quirino, Isulan and Tacurong City, where there is massive oil palm farming.



Poverty Alleviation— OTOP/Oil Palm...

METHODOLOGY

- A total of 87 oil palm growers were interviewed in Sultan Kudarat: 20 in Bagumbayan, 11 in President Quirino, 20 in Isulan, and 24 in Tacurong City.
- One grower was also interviewed in Kidapawan, North Cotabato.
- Other key people in the industry were also interviewed. Secondary data were gathered from several agencies and websites.

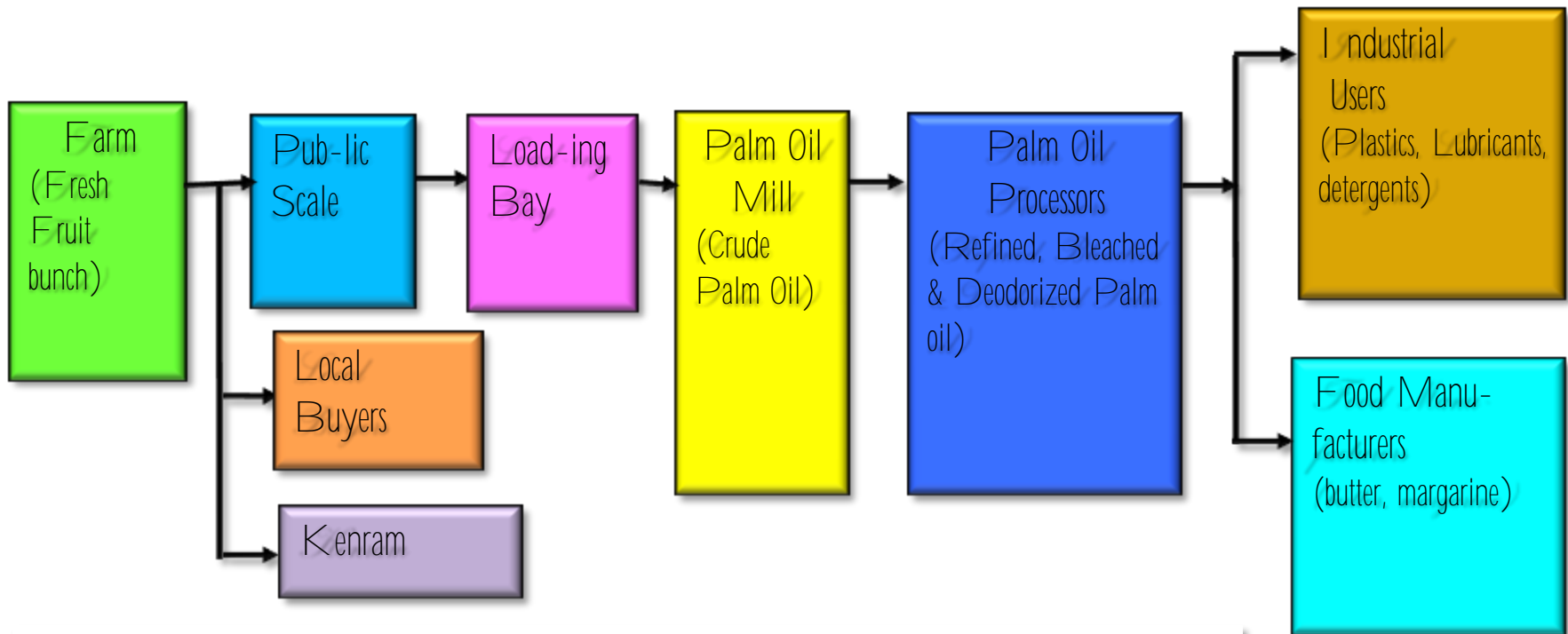


Poverty Alleviation— OTOP/Oil Palm...

- Sultan Kudarat
 - eight poorest province in the country in 2000

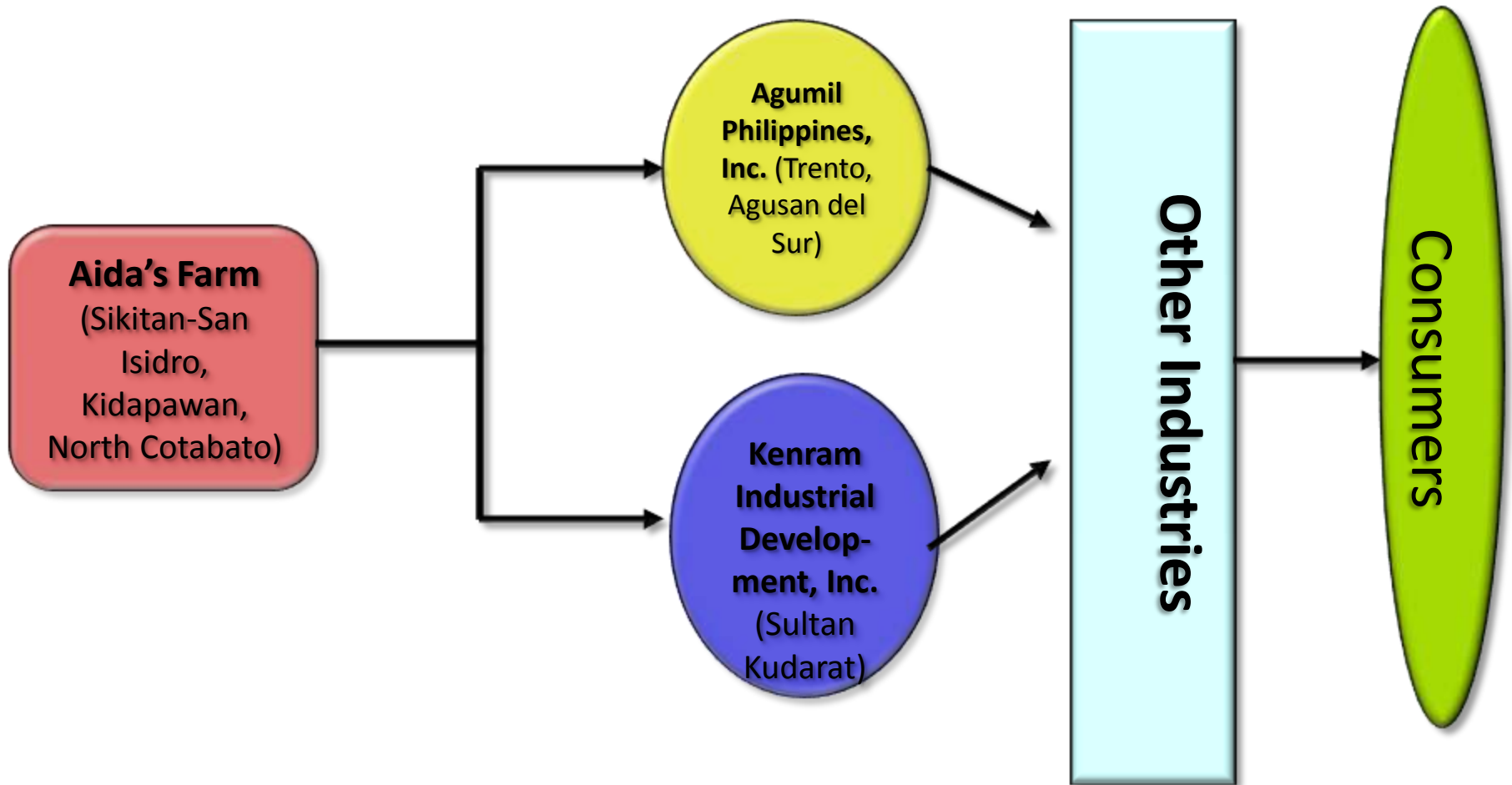


Figure 1: Supply Chain of Oil Palm Growers under AGPI in Sultan Kudarat



Source: Key informants (2008)

Figure 2. Supply Chain of Oil Palm Fruits in North Cotabato



Research findings...

- **about 56% of the respondents have farms area of 5 ha or less.**
- **that farm experience and farm size are significantly related to generation of monthly income**
- **there is increase in income of farmers**
- **there is employment generation**



Research findings...

OTOP was not sustained in the area:

- Less assistance from the government agencies thrust with the program;
- Farmers kept on experimenting in looking for the best approach
- Lack of technical assistance
- Lack of sufficient capital



Conclusion & Recommendation

- that as government draws a map and programs for agriculture productivity growth, there must be clear steps and actions geared towards addressing the major policy constraints besetting the sector
- Call for more collaborative action among the key players in the supply chain management

