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## MEDIA RELEASE

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*Discussion Paper No. 177*

### **Performance of coffee farmers' cooperatives in Eastern Highlands Province**

The National Research Institute is pleased to release its latest Discussion Paper on the performance of coffee farmers' cooperatives in the Eastern Highlands Province of Papua New Guinea. The cooperatives studied are "networks" of independent smallholder farmers who cooperate to gain competitive advantage.

To identify performance differences across the cooperatives, the authors Morris Altman, Louis Lemontangne, Francis Odhuno and Hanna Altman asked the cooperative executives to provide estimates of coffee output produced or sold, the number of members and employees of their respective cooperatives, and the number of hectares of land under coffee that each cooperative's members collectively own.

From this information the authors found that the largest cooperatives in terms of land area under coffee, coffee output and coffee sales are not necessarily the most productive. And more land, per se, does not relate to increases in coffee produced per hectare. In other words, the more land owned by a cooperative member is not a necessary condition for being more productive. Smaller cooperatives can use land more intensively, which is important for increasing their performance and hence, the welfare of their members and their members' families.

It was also found that most of the cooperatives in Eastern Highlands Province have not reached their optimal production levels. The problem of low performance, however, can be overcome through cooperative organisational change and government policy supportive of such change. Coffee producers need not be massive – they need not be plantations or large investor-owned farms to be competitive.

For this reason, the authors believe that the country's agricultural policies need not overly focus on reviving rundown coffee plantations because cooperative organisational form is not an obstacle to scale-related economic efficiency. The government can play an important role facilitating the increase in the sizes of cooperatives, of course, if it fits the preferences of members.

*Discussion Paper No. 177* is available for download on the PNG NRI website <https://www.pngnri.org>.

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