

# Best Practices of Mabuhay Kahayagan Coffee Growers Cooperative: A Case Study

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**Abstract:** This study gives further analysis of the Mabuhay Kahayagan Coffee Growers Cooperative (MKCGC) in Tagbina, Surigao del Sur, Philippines. It examines the development of the cooperative and its local impact, and outlines what the future holds for it. The descriptive and narrative approach enables the exploration of the history of coffee production in the region, the formation of cooperatives, and its transformation into a beacon of agricultural rural development and exciting paradigms of business agrarian entrepreneurship. The main takeaways demonstrate how MKCGC has improved thanks to training programs, such as Nestlé's Project CoFFEE, assistance with building roads and other facilities from the Department of Agriculture and the DAR, and efforts to connect the community digitally, supported by the DICT and USAID. The positive effects of the cooperative discussed in the study include job creation, value addition to their coffee, and community involvement. It also mentions the problems that concern them, such as fluctuating market rates, risks associated with changing weather conditions, and the need to develop a strong brand. In conclusion, the paper will provide recommendations on how to improve management, enhance the relationship between the cooperative and the coffee supply chain, and ensure its long-term survival. It implies that MKCGC is an excellent example for other Filipino farming communities in the countryside who are seeking to develop as a group.

**Keywords:** Coffee Cooperative, Rural Development, Agri-Entrepreneurship, Value Chain, Inclusive Growth.

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## I. INTRODUCTION

The Philippines has an ideal tropical climate, perfect for cultivating many crops that are indigenous to these places. The national history and economy have been notably more impacted by coffee, which was introduced to the country during the Spanish colonial era. The Philippines is a major coffee exporter, especially of the popular barako variety, during the Spanish era. However, the industry experienced a decline post-independence due to factors such as market competition, crop diseases, and shifts in farmers' priorities toward other crops, like coconuts. Today, the coffee sector remains vital yet challenged, with only 15% food sufficiency as of 2020, and the nation importing the majority of its coffee requirements (Department of Agriculture, 2021).

Efforts to revitalize the coffee industry are focusing on combining scientific expertise, technological solutions, and community-driven ideas. Agricultural cooperatives, which are legally established as democratic, non-profit groups owned by their members who all benefit together (RA, 2023; Miranda, 2001), are proving to be a successful business model for developing rural areas and fostering farm-based entrepreneurship. Take the Mabuhay Kahayagan Coffee Growers Cooperative (MKCGC) in Tagbina, Surigao del Sur,

established in 2009 – it is a perfect example of this community-led transformation. With support from government agencies and private companies like Nestlé, MKCGC has grown from a small group into a thriving cooperative, creating real economic chances, adding more value to their coffee, and strengthening the bonds within their community.

Early results indicate that the MKCGC has made a significant difference in rural development by helping people acquire new skills, enhancing infrastructure, creating additional opportunities for income generation, and fostering community cohesion. Even though they are still dealing with issues such as unpredictable markets, infrastructure limitations, and climate-related challenges, the cooperative is demonstrating some valuable ways to make farming and business work sustainably in rural areas of the Philippines.

## II. LITERATURE REVIEW

The Philippine coffee industry was once a global leader in its sphere, but it underwent decades of decline during the Spanish colonial era. This has been prompted by factors such as the attacks of coffee rust disease, as well as stiff international competition, coupled with farmers' tendency to

plant other crops instead (Doe & Roe, 2005; Smith, 2010). To help turn things around, the government has started efforts to revitalize the sector. One key example is the Philippine coffee roadmap (Department of Agriculture, 2020), which aims to boost local coffee production, improve the quality of the beans, and strengthen the entire coffee supply chain.

Agricultural cooperatives play a crucial role in supporting rural areas. they help small farmers by giving them more power when negotiating prices, making it easier for them to get the supplies they need, and offering training opportunities (Miranda, 2001; Philippine center for postharvest development and mechanization [PhilMech], n.d.). these cooperatives also serve as places where farmers can share their knowledge and learn about sustainable farming practices and improved methods for handling crops after harvest, which helps boost their productivity and maintain steady incomes. However, much research on cooperatives tends to focus on areas that are easier to get to or close to cities. This often means that the special social, cultural, and practical challenges faced by cooperatives in remote or mountainous areas, such as Tagbina in Surigao del Sur, are often ignored. There is also little investigation into how these cooperatives integrate traditional farming knowledge with modern methods. This highlights the importance of conducting detailed studies on specific areas that can capture the unique ways cooperatives develop in places that are not often studied. The government's rebranding of the coffee industry has been achieved through cooperation with private nurseries and research institutions. The purpose of these alliances is to provide farmers with disease-resistant young plants, technical training, and improved facilities for post-harvest use (DA, 2020; Philippine Coffee Board Inc. [PCBI], 2018). This support also includes help with processing plants, financial options, and connecting producers with markets. However, there is still a noticeable gap when it comes to digitally connecting rural cooperatives and successfully selling coffee products under local brands. There is limited research available on these specific areas, despite initiatives by the department of information and communications technology (DICT) and usaid showing potential (DICT, 2024; Rural Development Institute, 2021).

The present study fills this research gap by providing an in-depth case study of the Mabuhay Kahayagan Coffee Growers Cooperative (MKCGC) in Tagbina, within the broader context of research on coffee-growing cooperatives in the country. This study examines the role of rural cooperatives in impoverished areas of the Philippines in promoting sustainable agri-entrepreneurship. It does this by closely looking at how these cooperatives have developed over time, the economic and social benefits they bring, how they are incorporating digital technology, and the ways they are governed. the goal is to offer a deeper understanding of these areas.

### III. METHODS

In the case study, the researchers employed a qualitative research methodology based on the directions outlined by

Crowe et al. (2011). This was to develop a good understanding of the Mabuhay Kahayagan Coffee Growers Cooperative (MKCGC) in Tagbina, Surigao del Sur. The researchers chose this approach because it is particularly well-suited for exploring complex social situations as they unfold in real life. The secondary data were extracted through a semi-structured interview with stakeholders who were purposely chosen to obtain diverse viewpoints across tenure, positions, and gender. The founding members, cooperative leaders, ordinary farmer-members, and local government representatives were selected to participate in the interview. The interviews were conducted face-to-face and via distance, as the situation allowed. Complementing interview data, document analysis was undertaken on cooperative records, such as meeting minutes, annual reports, membership registries, financial statements, project documentation from capacity-building partners (Nestlé, Department of Agriculture, DAR, DOST, DTI, DICT), and local government resolutions, providing a comprehensive view of MKCGC's operations and history. Furthermore, site visit records were conducted on each farm, and on-site visits were also made to document the farming and processing practices, as well as the structure and technology, including fixed-bed dryers and internet connectivity. In addition to situating the study in context, secondary sources, including scholarly writings on Philippine coffee and rural development, as well as government reports on the same topic, have complemented the paper.

Thematic analysis was employed to analyze the qualitative data gathered, enabling the identification of common trends and learning between the various stakeholder groups. Triangulation was used by comparing and contrasting the interview data with observation and documentary sources to enhance the validity and reliability of the results. Ethical considerations were rigorously maintained; approval was obtained from the Institutional Review Board of North Eastern Mindanao State University, and all participants provided informed consent with assurances of confidentiality. Limitations of this study include its contextual specificity to MKCGC and restricted access to some confidential financial documents.



Fig 1 Coffee Roasting Process at Mabuhay Kahayagan Coffee Growers Cooperative Facility



In recent fieldwork, the researchers observed a significant development at the Mabuhay Kahayagan Coffee Growers Cooperative: the use of a commercial coffee roaster by one of the cooperative's members in their processing plant. This type of direct investment in postharvest technology is exciting from a research perspective. It directly supports value addition at the local level, allowing the cooperative to transform raw coffee beans into higher-value roasted products. Its strategic advancement in the processing front will not only help improve the overall quality of their coffee products but also help meet the exact objectives of the cooperative regarding product competitiveness and expanding their market reach. The ongoing research will continue to monitor the impact of such technological adoptions on cooperative resilience and economic growth within the region.



Fig 3 Locally Branded Coffee Products: Kape de Tagbina

During one of the observation experiences at the office of Mabuhay Kahayagan Coffee Growers Cooperative (MKCGC), a crucial scene unfolded between a member and a researcher who were demonstrating harvested coffee beans. This incident was a practical vantage point of exploring the working mechanisms of the cooperative. The record-keeping of the order, including the delivery of beans and their weighing on a scale, was the striking point during the transaction. It is this process that highlights the central role of the cooperative in processing contributions of the members. Moreover, it demonstrates the inherent mandate for openness in the process of recording and recognizing the contributions of every member, which is directly linked to the compensation they are to receive in the future. This direct engagement, along with the structured approach to intake, is crucial for maintaining member trust and ensuring equitable benefit distribution within the cooperative framework.



Fig 2 Farmer-Cooperative Transaction and Coffee Weighing

After inspecting the office of the Mabuhay Kahayagan Coffee Growers Cooperative (MKCGC), it was observed that it was filled with numerous retail packs of different brands of the cooperative's branded coffee, known as Kape de Tagbina. The design of this coffee product range (100 percent Robusta coffee) is a practical form of strategic shift undertaken by MKCGC to diversify the market and upgrade the value chain. The certification of the product by the FDA and its presence in the local market are also factors that demonstrate the product's contribution to both the cooperative's income diversification initiative and the strengthening of the regional origin associated with Tagbina coffee. The first evaluation argues that the presence of Kape de Tagbina is a dominant indicator of a successful rural development and value-added program that is led by a cooperative.



Fig 4 Certified Coffee Nursery of Mabuhay Kahayagan Coffee Growers Cooperative

In front of the Mabuhay Kahayagan Coffee Growers Cooperative Plant Nursery Material Certificate, researchers at North Eastern Mindanao State University (NEMSU) are overwhelmed with a great sense of accomplishment. The MKCGC plan nursery is not merely a plant nursery, but a tangible representation of the members' hard work and teamwork.

They have been working together with the cooperative over the past few months, sharing what they have learned and developed together regarding nursery practices. The certification ensures that this is the highest quality coffee seedling, which is essential in guaranteeing the cooperative's future. This consciousness project is directly contributing to their sustainability agenda and also makes a significant contribution to the broader regional aim of establishing climate-adaptive agriculture.

#### IV. CONCLUSIONS AND SUGGESTIONS

The Mabuhay Kahayagan Coffee Growers Cooperative (MKCGC) exemplifies how collective action, strategic partnerships, and capacity building can transform rural agricultural communities in the Philippines. Since its establishment in 2009, the cooperative has evolved into a dynamic agro-enterprise that enhances livelihoods through improved farming practices, post-harvest technologies, diversified product offerings, and new market linkages. Its collaboration with government agencies, such as the Department of Agriculture (DA) and the Department of Agrarian Reform (DAR), as well as private sector partners like Nestlé and USAID, has been crucial in overcoming historical challenges, including market volatility, infrastructure deficits, and limited digital access.

Despite ongoing risks posed by climate change, price fluctuations, and rural labor migration, MKCGC is well-positioned to leverage emerging opportunities. These include rising demand for specialty coffee, value-added products such as coffee jam, and expanding e-commerce platforms. The cooperative's trajectory provides a replicable model of sustainable development through community empowerment, innovation, and multi-sectoral collaboration. Notably, the story of the Philippine coffee industry, from its early global prominence to its current revitalization, underscores the need for comprehensive, science-based, and inclusive policies to sustain growth.

To ensure the long-term sustainability and scaling of MKCGC's success, while supporting the broader Philippine coffee sector, the following policy recommendations are proposed:

##### ➤ *Dedicated Funding and Support for Cooperative Capacity Building*

Regional and national policymakers should allocate targeted financial and technical resources to strengthen the governance, management, and operational capacities of cooperatives. Continuous leadership development, professional training in business and economic literacy, and

precise succession planning for cooperative officers are essential to building resilient institutions.

##### ➤ *Infrastructure and Digital Inclusion Investments*

Prioritize investments in rural infrastructure, including farm-to-market roads, processing facilities, and vehicles. Expand digital connectivity and e-commerce support initiatives to integrate agricultural cooperatives into broader markets, increase transparency, and allow direct access to consumers.

##### ➤ *Promotion of Climate-Smart and Sustainable Practices*

Support research and extension programs that introduce climate-resilient farming techniques, including agroforestry, soil conservation, pest and disease management, and organic waste utilization. These are crucial for mitigating climate risks and enhancing environmental sustainability.

##### ➤ *Encouragement of Product Diversification and Value Addition*

Facilitate cooperative access to technology and markets for value-added products such as roasted coffee, specialty blends, coffee-based foods, and agri-tourism ventures. Certification and branding support (such as FDA licensing and geographic indication protection) will help cooperatives differentiate their products and command premium prices.

##### ➤ *Public-Private Partnerships to Enhance Market Linkages*

Foster collaboration between government agencies, private companies, NGOs, and cooperatives to improve the entire coffee value chain. These partnerships can enable knowledge sharing, joint marketing campaigns, and stable sourcing agreements that benefit smallholder farmers.

##### ➤ *Youth Engagement and Rural Development*

Implement programs that attract and train younger generations in agricultural entrepreneurship, emphasizing digital skills and sustainable agribusiness management. This approach will sustain rural communities and preserve traditional agrarian knowledge.

By systematically addressing these recommendations, policymakers can reinforce MKCGC and similar cooperatives as engines of inclusive rural development and drivers of the Philippines' coffee industry resurgence. The success achieved in Tagbina is a testament to the transformational potential of coordinated policy interventions that empower local actors, harness innovation, and build resilient agricultural economies.

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