



Incentives and Disincentives to Produce Agricultural Products to Preserve Agro-biodiversity: Evidence from Ifugao and Lake Sebu, Philippines

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Abstract

Philippines is one of the megadiverse countries in the world and considered to be a biodiversity hotspot as it is home to diverse species of plants, animals, and microorganisms. It is also home to myriad of globally important agricultural biodiversity, such as rice and rootcrops. An opportunity exists for the farming community to derive sufficient economic benefits from agro-biodiversity conservation as consumers recognize the importance of preserving traditional crop varieties. An electronic survey of 230 consumers in Luzon, Visayas, and Mindanao was done to examine this opportunity, particularly the demand and willingness to pay for ecolabeled products from these traditional varieties. Factors that affect the level of price premium were also analyzed using interval regression analysis. Data on production and marketing of farmers of traditional rice varieties and some rootcrops were also collected through household surveys in Ifugao and Lake Sebu. Most consumers are willing to pay for ecolabeled products, but the willingness to pay varies depending on the level of price premium. The willingness to pay decreases as price premium increases, which follows the normal demand curve. However, for most ecolabeled products except rice without organic certification, there is a kinked demand, which implies that there is a minimum price premium that most consumers are willing to pay. Certification fetches higher price and majority of the respondents are willing to pay price premiums ranging from 10% to 20% for ecolabeled products. Results show that gender, age, income, and being an organic product consumer significantly affect the level of price premium.