



# Linking Farmers to Jollibee Restaurants

## The Challenge

More than one third of the Philippines' entire labor force is engaged in agriculture, but small farmers often struggle to receive fair prices for their labor. They have little bargaining power with local traders who control access to credit and markets.

## The Solution

With a developed private sector and rising numbers of urban consumers, there is strong market demand for farm products. The Jollibee Foods Corporation (JFC) owns the fastest growing restaurant chain in the Philippines. With more than 1,200 stores nationwide, JFC seeks buys produce from domestic farmers so it can reduce its imports.

In 2008, the Jollibee Foundation, the National Livelihood Development Corporation (NLDC) and CRS launched a one-year collaborative pilot project called "Bridging Farmers to Jollibee Supply Chain." The project links small farmers in four provinces to JFC. After refining the cluster approach, **an expanded CRS project is targeting 3,000 farmers in 6 provinces in Mindanao and Luzon.**



"Profits have increased tremendously," says Ruben Halasan, a Cluster Leader in Impasugong, Bukidnon. "For 100 square meters of corn, the profit is about 200 pesos (\$4.44)," Halasan said. "For 100 square meters of onions, it's 6,000 pesos (\$133)."

*Photo by Dave Snyder.*



*CRS links 3000 poor farmers to Jollibee fast-food restaurants, which use thousands of onions each day for hamburgers.*

*Photo by Dave Snyder.*

## Joining Together to Sell More

One of the first steps in that process was to form farmers into small clusters of 10-15 farmers. The clustering approach helped them to set up a joint marketing enterprise, selling their crops as a business entity. In turn, they were able to meet the supply demands of Jollibee.

"Because we can consolidate our crop, we can provide a larger volume to Jollibee," said Henelito Idagan, a Cluster Leader in Impasugong, Mindanao. "The advantage of these groups is that if there are members who are failing to produce I can help them, and also they can help me."

A key element to that effort, Idagan said, is the rain shelter provided as a loan to protect the fragile onion crop from the year-round rain of Mindanao. "If there is a rain shelter the onion is not being damaged with rain, and onions are very sensitive to water, especially during bulbing," Idagan said.

*Over-*



*This project is supported by the Jollibee Foundation, the National Livelihood Development Corporation (NLDC), the Local Government Units, and CRS.*



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Having erected the 100 square meter rain shelter on his one-hectare farm, Idagan is now trapping rainwater runoff from the roof and using it both as a source of irrigation and as a small fish pond where he can grow fish to eat and to sell.



*This 100 square meter protective cropping system for vegetables is made of bamboo and plastic sheeting. Each unit costs 13,000 pesos (\$289) and lasts more than 3 years. Photo by Dave Snyder.*

The project has vastly increased the clusters' production and negotiating power. Through the test market deliveries after the pilot phase, the cluster approach has shown farmers the potential of consolidating their production and setting up a joint marketing enterprise.

Elected by his group members to serve as their representative, Ruben Halasan negotiates directly with high-level representatives of Jollibee. Through marketing trainings taught by CRS, Halasan and his fellow farmers learned the ideas behind cost plus marketing, and now calculate the cost of producing their crops, building in a profit margin on top of their costs which ensures an equitable return for their labor.

Jollibee wins, because they can purchase produce locally, and Ruben and the farmers win because they get far more for onions than they did growing corn.

Having started with a pilot group of five farmers, the Jollibee project has now grown to include 44 farmers in Impasugong.

As the farmers themselves see that they can meet the production and quality demands of JFC,

while negotiating their own prices for their products, they grow more confident. "Because of this project I see a very bright future," Halasan said. "I see the production increasing which will make our lives better as well."

In Nueva Ecija, the Kalasag Producers Multi-Purpose Cooperative is among the project's biggest success to date. Originally formed as a cluster, the farmers registered as a cooperative to facilitate their business. The Co-op increased production from 8.7 metric tons per hectare to 13.8 metric tons using improved techniques. In 2010, the Co-op was able to collectively deliver 260 metric tons of fresh and peeled onions to JFC, above its contract order. **Income figures show that farmers in Nueva Ecija averaged 53,000 Pesos (\$1,178) in profit for every ½ hectare under onion production, after costs.**

### Linkages to Finance Institutions (FI)

Enabling credit is a key element, and the clustering strategy links farmers to a credit source. Through small loans, financing institutions can enable farmers to upgrade their farm technologies, purchase high quality seed, do small scale processing, and transport to markets. A key challenge is developing loan products appropriate for small farmers while limiting the risks for FIs. CRS is working with ASKI, Bukidnon Cooperative Bank, Kauyagan Savers Cooperative, Agricultural Credit and Policy Council (ACPC), and Peace Equity Foundation to improve their loan products and pilot lending with farmers.

### Target Areas:

The project targets 3,000 farmers in Bukidnon, Cagayan de Oro, North Cotabato (Mindanao), and Nueva Ecija (Luzon). Crops include red onion, white onion, bell pepper, and rice.



**About CRS** Catholic Relief Services is the international humanitarian agency of the Catholic community in the United States. The agency provides assistance to people in more than 100 countries and territories based on need, regardless of race, nationality or creed. CRS has been present in the Philippines since 1945. It currently has offices in Manila and Davao. For more information, please visit [www.crs.org](http://www.crs.org) or [www.crsprogramquality.org](http://www.crsprogramquality.org)

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