Empowering Small Farmers
CRS Philippines organizes farmers into small farmer groups called “clusters” within a defined geographical area and around a single product like peppers, onions, or tomatoes. This cluster approach helps impoverished farmers reach more markets and make more money on their crops.

The Challenge
Small farmers, generally those with less than 2 hectares of land, are at a disadvantage when selling their produce. They lack the scale required by institutional buyers, access to credit, and information about markets. As a result, small farmers depend on local traders for high-interest loans and cash payments for produce at harvest time. They are caught in a cycle of producing staple crops for sale to local traders at prices well below the market. The cycle continues as farmers lack information on how to enter markets that offer better returns.

ACHIEVEMENTS
- From 2004-2009, CRS organized 1,800 farmers into 54 clusters. **Farmers recorded income increases of over 38%.**
- With funding from the US Department of Agriculture, CRS is working with partners to organize 9,600 farmers into clusters in rice, cacao, and coffee.
- With support from Jollibee Foundation and the National Livelihood Development Corporation, CRS is working with 3,000 farmers to form clusters for vegetable and rice production and supplying Jollibee restaurants.

8-Step Agroenterprise Cluster Approach

The Solution
By helping farmers join together to access modern markets and bypass local traders, the CRS cluster approach has empowered them to deal in bulk. As a result, farmers have increased production and their income.

In Mindanao, CRS has linked farmers to NorMin Veggies, a producer association selling vegetables to supermarkets, restaurants, and hotel chains around the country. In partnership with Jollibee Foundation, CRS has successfully linked onion farmers to the Jollibee fast-food restaurant supply chain. In total, CRS farm clusters have worked with over 80 different value chain actors.

Farmers assessing product quality for new markets, analyzing value chains, and sorting for quality.
An 8-Step Process to Reach Better Markets

Dumalaguing is a highland barangay in Impasugong town, in Bukidnon province of Mindanao. “Mimi” Romeo is one of the Higaonon tribe farmers who are growing coffee in the forest. The hilly terrain and poor roads in Dumalaguing make the transport of good into and out of the community difficult and expensive. Mimi and over 100 other coffee farmer in the barangay used to sell unsorted coffee beans to local trader at the best price offered. These traders in turn transported the coffee across the river and brought it to the nearest city trader. Coffee was sorted and re-dried to meet the requirements of institutional buyers located 80 km away in Cagayan de Oro City. Then CRS and partner Kaanib Foundation, Inc. organized the coffee growers into clusters.

Mimi is now a coffee cluster leader in Dumalaguing. Their clusters consolidated 6.6 tons of coffee beans and delivered to Serenity Coffee Corporation at Grade 1 quality. As cluster leader, Mimi makes sure that his cluster members have the cluster plan, an agreed market, quality, and an agreed volume. He convenes several meetings before the first harvest for the cluster’s agreements on quality, pricing and payment procedures. He makes them understand that joining a cluster is a voluntary decision but once a member, they abide by the rules.

After sales, Mimi reports to the members their combined sales, transport costs, labor, consolidator’s fee, management fee, and net income. The cluster agreed that 80% of the net income would be returned to the farmers and 20% retained as a cluster fund. “When we think of our sales at over half million pesos (US$11,100), then we begin to feel that our clusters can be as big as a trader.”

Developing Private Sector Partnerships

Identifying lucrative markets and training staff and small farmers to supply these markets is expensive and takes time. NGOs are often drawn into providing vital business development services that farmers rely on, which complicates exit strategies. The private sector is best suited in this role.

CRS has connected farmer clusters to private sector actors including financing institutions, processors, millers, and produce consolidators. A key challenge is offering small loans appropriate for small farmers while limiting the risks for financing institutions. Rather than supplying credit itself, CRS works with several financing institutions to improve their loan products and pilot lending to farmers.

This Guidebook for Facilitators was developed by CRS for trainers who are tasked in assisting small farmers interested in organizing themselves into marketing clusters and to develop their own agro-enterprises linked with the market. It details the 8-step clustering approach that guides facilitators in equipping farmers with innovative methods to become more market oriented and engage better with markets.

The Cluster Strategy for Agro-enterprise

- Helps small farmers organize themselves into groups of 10-15 members that focus on supplying one product.
- Assists farmers in being more competitive entrepreneurs in the marketplace, making them attractive to buyers.
- Encourages farmers to understand their market and take on profitable yet sustainable production practices.
- Requires farmers to be active decision makers involved in continuous upgrades and innovation to keep pace with changing market conditions.

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 or www.crsprogramquality.org