



Expanded Small Farmer Marketing Program

Building Market Potential for Small Farmers

Despite its fertile soils and abundant rainfall, rural poverty is often equated with small farming in the Philippines. An estimated 34% of the Philippine work force survives through agricultural production, with 9 of the poorest 10 provinces located in the southern region of Mindanao. Their limited access to land, credit, production infrastructure, and market information are obstacles in increasing their productivity and their income. Coupled with conflict in Mindanao, small farmers are often unable to climb out of poverty.

All too often, small farmers depend on local traders for small loans and cash payments at harvest. Small farmers are repeatedly caught in a cycle of producing staple crops for sale to local traders at prices well below the market prices. In addition, small farmers lack information about agricultural markets and how to enter new ones that offer better returns.



Farmer field school (FFS) transplanting rice

ESFMP Targets

- 9,600 small farmers organized in over 1,000 clusters
- Crop production increases in rice, cacao, and coffee
- Increase small farmer incomes by 30%
- Improve access to modern markets



Rice



Coffee



Cacao

The Clustering Approach

Through the 8-step clustering approach, small groups of farmers first learn methods to identify profitable crops and ways to improve production. It then trains farmers to market their produce collectively. By working together, farmers increase their scale and have more bargaining power and leverage for credit. Building on this experience, CRS is helping to organize 9,600 farmers in Mindanao under ESFMP to enter markets in **rice, cacao, and coffee.**

Organizing farmers into small groups known as “clusters” within defined geographical areas is a new development in the Philippines. By forming these groups, CRS is helping to create flexible, adaptable and responsive units better able to keep pace with changing markets that require constant innovation.

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Continued Partnership with USDA

ESFMP marks the second project funded by the United States Department of Agriculture (USDA) with Catholic Relief Services (CRS) to improve food security and livelihoods in poor rural communities in Mindanao. The first collaboration with USDA, the *Small Farms and Marketing Project* (SMFP) from 2004-2010 used an agroenterprise approach in developing farmer skills to produce and sell to new markets. Under SFMP, CRS developed an innovative **Agroenterprise Clustering Approach** that organized groups of 10-15 farmers into clusters.



The ESFMP project is supported by the United States Department of Agriculture through Food for Progress



The 8-step clustering approach

“We use clustering for just a small group of farmers who share the same problems,” said Terry Tuason, CRS’ Senior Program Manager for Agriculture. “Once they are capable of solving their own problems, they start to federate, and they select their own leaders,” Terry said. “Then when someone like Jollibee needs a business to work with, these federations are registered. We help them do that and we also then teach them business management, risk management, and how to deal with traders.”

Clusters can give small farmers the scale that they need to reach formal market buyers who offer higher prices.

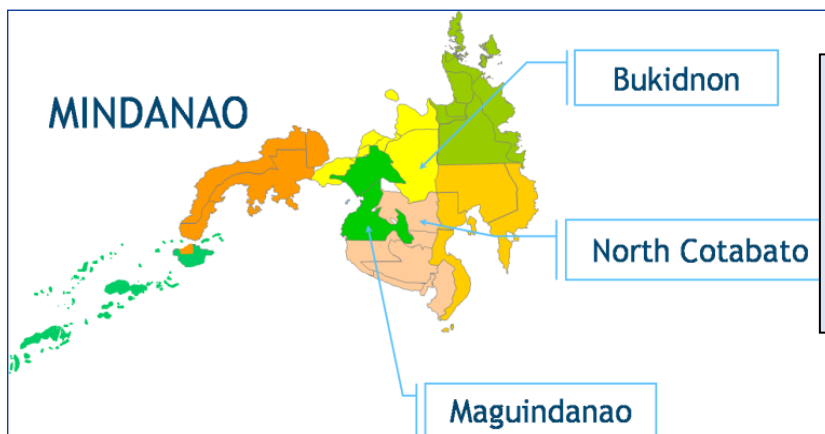
One such success is the partnership with the Jollibee Food Corporation which owns one of the fastest growing food chain in the nation. In 2008, Jollibee joined CRS in piloting a project linking small farmers to their supply chain. If farmers can meet the production and specification requirements of Jollibee, farmers can sign contracts at negotiated prices and eliminate the need for local traders. In this project, farmers have been able to double their market sale price.

Linkages to Microfinance Institutions

CRS is also working with local micro-finance institutions (MFIs) to develop new loan products and build linkages with small farmers. MFI loan products normally target small businesses with regular cash flow who can repay on a daily or weekly basis. But farmers need longer-term loans to get through production and pay the costs to get goods to market. By getting longer-term loans at affordable rates, small farmers can bypass the need for high interest loans with local traders and drastically reduce their costs.

Building Local Capacity

ESFMP works with 5 local NGO partners as implementing agencies and a number of Local Government Units (LGU) at the municipal and barangay level. NGO partners include Kadtuntaya Foundation, Kaanib Foundation, Diocese of Malaybalay Social Action Center, and the Kasilak Development Foundation.



ESFMP is working in **153 barangays** in the provinces of Bukidnon, North Cotabato and Maguindanao. The 3-year project began in November 2009 with US\$4.2 million in funding from USDA through commodity monetization.

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