

End of Second Mission Report of the Marketing Specialist, 28th September 2004

INPUT

During his second mission, in accordance with his contract, the Consultant provided a total input of 3 months (90 days). This was divided into two equal periods:

- (a) 17 April to 31 May 2004 inclusive (45 days);
- (b) 15 August to 28 September 2004 inclusive (45 days).

ACTIVITIES

The Consultant addressed the Terms of Reference (see Appendix 1) as follows:

TOR #1: *Continue to strengthen the work of the MED Component staff, LGU Market Point Persons, extension workers and UBAs, through a hands-on approach, to improve their performance in assisting upland farmers to plant crops that can give them increased access to better markets.*

Output: During his second mission the focus of the Consultant's work was on providing hands-on assistance to the MED Component staff. The performance of the LGU Market Point Persons and extension workers in terms of marketing and enterprise development has not been sufficiently adequate to achieve UDP objectives. It was for this reason that the Consultant recommended to UDP to contract specialist "Business Development Service" (BDS) providers. BDS are services that improve the performance of the enterprise, its access to markets and its ability to compete. BDS are designed to serve individual businesses, as opposed to the larger business community. Everyday examples of BDS include:

- Advertising
- Credit
- Communications (e.g. telephone, fax, internet and radio services)
- Provision of information (e.g. regarding equipment, technology and markets)
- Accounting
- Secretarial services
- Computers
- Technical training
- Management training
- Production advice
- Business planning advice
- Provision of physical facilities (e.g. office space)
- Development of networks and clusters
- Facilitating market access
- Trade fairs

Besides substituting BDS providers for the MPPs and extension workers, further justification includes the need to ensure sustainability. Many of the LGU-based MPPs and extension workers are likely to be withdrawn from their enterprise development roles when UDP ends, whereas most of the BDS providers will remain because they exist independently of UDP's existence; (but who would pay for these services in the future is another issue).

The Consultant assisted the MED Component staff at both the PMO and PPO levels to identify Upland Barangay Associations (UBA) worthy of receiving BDS. This was done by visiting barangays selected by the PPO and interviewing key UBA officials to gather relevant background information about the enterprise potential of the UBA.

The Consultant also worked closely with the MED Component staff, particularly at the PMO level, and with inputs from the European Co-Director, to formulate terms of reference, to evaluate the technical and financial proposals of BDS providers and to evaluate their outputs (e.g. interim and final reports).

The provision of BDS has been divided into two phases. Phase 1 requires the BDS provider to carry out an assessment of the enterprise to (a) determine if it is worthy of receiving further BDS during a Phase 2 and (b) to recommend what further assistance is required. Phase 2 concerns preparation and initial implementation of a business plan combined with hands-on coaching in whatever aspects of enterprise development are needed (as already determined during Phase 1).

The current status of BDS activities is presented in Table 1.

Some of the difficulties encountered during Phase 1 can be partially attributable to insufficient involvement from UDP (at both PPO and PMO levels) to ensure that the desired outputs were achieved. Admittedly, the first batch of Phase 1 BDS activities has been a learning experience for all concerned parties, i.e. the beneficiaries, the BDS providers, and UDP (including the Consultant). Some actions have recently been taken to improve the quality of outputs from the coming second batch of Phase 1 and the first batch of Phase 2 interventions. For example, the terms of reference have been revised; guidelines on report contents have been provided; and measures to improve the transparency and monitoring of the inputs of the BDS providers' technical specialists have been formulated.

There is a need for UDP to become more involved in (a) monitoring the BDS activities and (b) providing guidance when needed. In theory monitoring and guidance should be provided by the PPO MED Specialists, but with their limited technical capacity and their expected departure from UDP at the end of the year, it seems unrealistic to expect them to provide much support. There is also a limit to how much ground the PMO MED staff and TA can cover, especially in view of the wide geographical area covered by UDP (which involves spending considerable time on the road) and the frequent difficulties in finding available vehicles when needed.

Although the BDS providers are supposed to be coaching farmers, the outputs of the Phase 1 activities have indicated that the BDS providers themselves would benefit from hands-on coaching provided by the Consultant. Unfortunately, the first batch of Phase 1 assessments was carried out during the 2.5 months period when the Consultant was not present (i.e. beginning of June to mid-August). Furthermore, the first batch of Phase 2 and the second batch of Phase 1 activities will begin soon after the Consultant completes his second mission on 28th September 2004 and the Consultant may not be able to return again until after the EU has approved the 2005 Annual Work Plan (which based on past experience could be as late as March or April 2005).

The MED component has 3 person-months of local TA at its disposal, and therefore the Consultant has recommended that the 3 person-months be utilized to support the BDS interventions in terms of evaluating proposals, monitoring BDS providers' services, providing them with guidance and coaching, and evaluating outputs. However, the technical capacity of the local TA will need to be of a sufficiently high standard as to be able to monitor, coach and evaluate the BDS providers.

Table 1: Status of First Batch of BDS as of 26 September 2004

PPO	UBA	Number of Members	Enterprise Activity	BDS Provider	Cost of Phase 1 BDS Contract (Pesos)	Phase 1 Assessment Conclusion	Next Step
PPO1	MASBAFAMCO	45	Banana trading	CFPI	130,000	Go to Phase 2	Awaiting proposal for Phase 2
PPO2	SIDOUCO	227	Cassava trading, mango processing, credit co-op	SDC-Asia	170,000	Go to Phase 2	Await outcome of survey of cassava production. Determine if the mango group can become independent of SIDOUCO, if it can then provide BDS for mango processing.
PPO3	TUFAWA	190	Vegetable trading	BDSI	169,158	Go to Phase 2	Awaiting proposal for Phase 2
PPO3	SUFA	?	Banana trading	DCGI	180,000	Not yet clear	Ask DCGI to revise report
PPO4	UFMMP	133	Abaca fibre trading	W-FEED	129,350	Go to Phase 2	Identify new BDS provider
PPO4	UVMPC	288	Abaca fibre trading	GFI	123,409	Go to Phase 2	Awaiting proposal Phase 2
PPO4	KRANFO	62?	Banana and peanut trading	FHS-MPC	130,880	Not yet clear	Ask FHS-MPC to revise proposal
PPO5	MMHFAI	?	Vegetable trading	DAP	180,000	Go to Phase 2	Awaiting proposal for Phase 2
PPO5	FAFA	148	Tree seedling production	MFI	110,000	Go to Phase 2	Proposal presented on 24 Sept 2004. Contract to be prepared.
PPO5	PUBAI	190	Bamboo furniture and peanut production	WIFE	123,225	No Phase 2	PPO3 to discuss with other organizations about how to assist the UBA.

TOR #2: *Assist the MED staff in contracting quality institutions to conduct quality Entrefarm training to all of UDP's DFS farmers in close consultation with SAD*

Output: Provision of Entrefarm training is primarily an entrepreneurship development intervention teaching farmers to view farming as a business or enterprise. It is intended to develop their entrepreneurial capabilities in order that they may increase farm productivity, improve vertical/horizontal agribusinesses linkages and invest in market-driven crop diversification.

In the years prior to 2004, Entrefarm training was provided to DFS farmers by UDP and LGU staff. However, as with BDS, it was decided that to increase the chances of achieving sustainability independent institutions should be contracted to provide Entrefarm training.

In order to ensure that the Entrefarm training provided was of a high quality, the European Co-Director insisted that the institutions should be accredited by CEFE-NET Philippines <<http://www.cefephil.com>>; this organization is officially recognized by Competency-Based Economies through Formation of Entrepreneurs (CEFE) in Germany <<http://cefe.gtz.de>>. CEFE-NET Philippines trains and accredits trainers in Entrefarm training. Therefore the Consultant assisted the MED Component staff in evaluating institutions able to provide CEFE-NET accredited trainers; this assistance was in the form of helping with preparation of terms of reference and evaluating proposals.

During the period of the Consultant's second mission a total of 547 farmers were trained during a first pilot round intended to test the new system (of contracting external trainers). It was decided that before continuing with a second round, a contractor should be hired to evaluate the results of the first training and to evaluate the performance of the trainers. Preparation of the terms of reference for the evaluation was close to completion when the Consultant completed his current contract so the evaluation was expected to be implemented during the Consultant's absence.

TOR #3: *Investigate the possibilities and when feasible help in linking selected farmer producer groups with institutional buyers for a limited number of key crops like banana and coffee and design and facilitate implementation of the necessary support package to these groups in consultation with other UDP components like AIS, RFS and SAD.*

Output: This activity was more or less what the Consultant had recommended as a strategy to promote the development of upland agriculture-based enterprises in a memo disseminated to the Co-directors and PPO Managers in February 2004. However, the PPO managers did not show any interest and instead the MED team has been occupied with the BDS activities described under TOR #1 above.

Through initiatives of the European Co-Director a dialogue was opened with two banana exporting companies (namely Dole and Nader & Ebrahim). Dole was interested to enter into contracts with banana producing groups. Nader and Ebrahim was originally interested in purchasing native types of bananas from a UDP-assisted UBA for supply to fair trade buyers in Japan. Following a trial shipment of native bananas (from a non-UDP village) Nader & Ebrahim eventually decided to export only Cavendish bananas to the fair trade buyers, but since the UBA farmers did not normally grow this type of banana, it was then up to the UBA to decide if it wanted to start growing Cavendish or not. Apparently in both these cases, "the ball is now in the court" of the UBAs. Unfortunately due to time and vehicle constraints the Consultant did not have an opportunity to visit the UBAs to find out what are their intentions.

TOR #4: Participate with other component staff in identifying potential village/UBA based enterprises that can be supported and help design, in consultation with the proper institution to coach these enterprises, an appropriate support package in consultation with other UDP components like AIS, RFS and SAD.

Output: Output related to this TOR has been addressed under TOR #1.

TOR #5: Monitor and where feasible coach farmer producer groups that have been linked to institutional buyers, as well as selected village enterprises, give the necessary feed back to all stakeholders, particularly the LGUs concerned and UDP management, and recommend actions within UDP's capacity to further improve the performance of the farmer producer groups and village/UBA enterprises.

Output: The Consultant did not engage in any direct coaching of farmer producer groups; this has been planned as the task of BDS providers, particularly during the Phase 2 of BDS. See output under TOR #1.

TOR #6: Conduct any other assignment in the context of this TOR given by the Co-Directors of UDP

Output: No other assignments were conducted other than those described under the other TOR.

TOR #7: Properly document the experiences and submit a final report at least two weeks before departure to allow for a workshop to further disseminate recommendations on improving farmer producer group and village/UBA based enterprise performance

Output: The Consultant did not follow this specific TOR, but instead, throughout his mission he documented his experiences and recommendations in the form of numerous field reports and memos which were disseminated to the relevant parties (e.g. Co-directors, Managers, the MED Co-ordinator and the PMO and PPO Specialists). This approach was more in line with the MTR recommendations to avoid writing lengthy reports and to provide more in-field hands-on training. In addition, a MED Component Strategic Planning Workshop was held at the Apo View Hotel on 30-31st August 2004. It was attended by the most of the parties just listed above. A copy of the "Documentation Report" is provided in Appendix 2 of this report.

Appendix 1

Terms of Reference for the Marketing Specialist in 2004 (second mission)

Background

The Upland Development Programme in Southern Mindanao (UDP) is designed to develop and implement an extension process together with local government and community based extension workers for sustainable management of agriculture and the natural resource base in the uplands. The programme has adopted a participatory approach in assisting upland communities. Ownership of supported initiatives by the community organisations and the LGUs in respect of sustainable agriculture and community-based resource management in the uplands is the basic concept of UDP. This implies that capacity building of LGUs and community organisations in respect of upland development are key activities of UDP.

Sustainable upland development by the upland communities requires multiple and integrated support by LGUs and other relevant institutions. One of these concerns marketing and enterprise development in respect of upland produce.

For this purpose the Programme has given training to farmers in farm management and exposed many farmers to profitable upland enterprises elsewhere. It also has piloted market information systems to help farmers to match market demands. It also tried to link up farmer groups with better and intuitional buyers to increase and sustain their incomes. In respect of off farm enterprise development, the Programme has facilitated support for a number of upland related enterprises with exposure trips, participation in trade fairs and entrepreneurship training.

The Programme's experience is that its objectives in respect of marketing and enterprise development can only be achieved if effective and quality services to farmer entrepreneurs as well as upland related off farm enterprises are available and can be sustained in the future.

Rationale for the Mission

Last September (2003) the Programme had its Mid Term Review (MTR) mission. The MTR criticised UDP's strategies and its quality of implementation regarding the efforts to promote marketing and enterprise development within the context of UDP. The MTR recommended that more has to be done to increase economic development in the upland areas if the Programme wants to achieve the income-generating objective to be met with its farmer co-operators by the end of 2005. The quality of UDP's extension services mechanism, which depends on the performance of LGU extension workers, was also questioned.

Hence the Programme in 2004 will increase its efforts to make the farmer co-operators more business oriented and grow the right crops that can generate more income now and in the future through improved extension services. More effort will also be put into the development of and sustaining village/UBA based enterprises. Concentration on a few market led crops to create sufficient volume of produce that can help in giving access to better markets and institutional buyers and market linkaging will be priorities too.

Therefore the Consultant is tasked with the following:

1. Continue to strengthen the work of the MED Component staff, LGU Market Point Persons, extension workers and UBAs, through a hands-on approach, to improve their performance in assisting upland farmers to plant crops that can give them increased access to better markets
2. Assist the MED staff in contracting quality institutions to conduct quality entrefarm training to all of UDP's DFS farmers in close consultation with SAD

3. Investigate the possibilities and when feasible help in linking selected farmer producer groups with institutional buyers for a limited number of key crops like banana and coffee and design and facilitate implementation of the necessary support package to these groups in consultation with other UDP components like AIS, RFS and SAD.
4. Participate with other component staff in identifying potential village/UBA based enterprises that can be supported and help design, in consultation with the proper institution to coach these enterprises, an appropriate support package in consultation with other UDP components like AIS, RFS and SAD.
5. Monitor and where feasible coach farmer producer groups that have been linked to institutional buyers, as well as selected village enterprises, give the necessary feed back to all stakeholders, particularly the LGUs concerned and UDP management, and recommend actions within UDP's capacity to further improve the performance of the farmer producer groups and village/UBA enterprises.
6. Conduct any other assignment in the context of this TOR given by the Co-Directors of UDP
7. Properly document the experiences and submit a final report at least two weeks before departure to allow for a workshop to further disseminate recommendations on improving farmer producer group and village/UBA based enterprise performance

Duration and Period

Three (3) months, spread over an 8 month period.