



Scale X Design
Scale X Design
Accelerator Cohort
3

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Initiative and/or Program Name

Agri-Asenso Package: Agricultural improvement solutions to a better life

Technical Sector

- Water
- Food Security
- Humanitarian
- Health
- Gender
- Agriculture
- Economic Development
- Capacity Building/Governance
- Education
- Dignified Work
- ✓ Social Enterprise
- Youth and Adolescence

Check this box if your application should NOT be entered in the Accelerator as a finalist.

No response

Check this box if your application is a social enterprise or consulting practice that does NOT fit within the Cohort 3 theme: Women's Economic Empowerment. Hidden

Yes

Are you submitting your application in English?

- ✓ Yes
- No

Problem Statement

Smallholder farmers in the Philippines are considered one of the biggest and marginalized sectors. Their aggregate total number is estimated at 10.3 million. Many smallholders operate under very poor conditions, exposed to risks inherent to agricultural production. They have limited competencies and often lack easy and convenient access to a minimum package of affordable and suitable farming requirements to improve productivity and competitiveness. This situation results in very low yields and uncompetitive products, resulting in meager income or losses. Farmers participating in CARE's current project used to be mired in this situation:

- There is limited capacity to access/adopt technical innovations and best practices (such as organic fertilizer, high-yielding seed varieties, cost-reducing farming practices, and value-adding technologies). Adoption by farmers has been slow because they lack awareness of the benefits of the technologies and these are not oriented to their needs and capacities. The links between technology producers and extension workers and farmers is weak. Also, the transaction costs come out to be high for the farmers to access these products and services separately.
- Smallholder farmers have no access to information and techniques to manage the risks and reduce impact of climate change.
- Information and advice are not easy to get. Devolution of extension services has been beleaguered with poor absorptive capacities of local government units. Funding allocation for this purpose is limited, which has resulted in inadequate human resources and weak extension services of local agriculture offices.
- Financial services have terms/conditions that are not appropriate for the agri-business cash flow cycle and terms of payment (e.g., weekly) becomes a burden to the farmers.
- There is limited linkage to market for surplus produce.
- Farmers usually go through several channels at a time to meet their needs: input suppliers for seeds and fertilizers, local traders for farm tools and equipment, government for training and information materials to improve yields, financial service providers for loans and as underwriters for crop insurance, and possible buyers. This led CARE to provide the full optimum package so farmers can effectively participate in the value chain. CARE is currently implementing the project, "Typhoon Haiyan Reconstruction Assistance," which is adopting the value chain development approach. This proposed initiative seeks to scale up the project's model and to spin off into a social enterprise/consulting to address the above enumerated problems. The social enterprise aims to provide a needs-based, tested and viable package of solutions (i.e., Agri-assenso Package) and distribution model of this package to address smallholder farmers' challenges in increasing production, minimizing risks related to natural hazards and climate change, and gaining access to market.

a) Explain how your initiative solves the problem. What evidence exists to prove your initiative solves the problem?

The Agri-Asenso* package combines services for the supply of agricultural inputs, farm tools and equipment, provision of information, financial conduit, and market facilitation. By bundling these services together, its symbiotic nature can be leveraged. For example, smallholder farmers can use financial services to pay for inputs and tools sourced from local traders. Inputs and tools, coupled with application of learnings (practices, technologies and processes), can increase yields and improve access to market. A package of agricultural services is a more feasible approach than stand alone and at times competing services.

CARE's project is showing indications that it is solving farmers' problems. For example, in 2017, the vegetable value chain being implemented in Lemery, Iloilo shows increased yield of various types of vegetables from 200 kilos to 4,000 kilos in demonstration farms alone. From four barangays (the smallest administrative unit of the government), the replication farms expanded to all 31 barangays in Lemery, from 3.75 to 70 hectares. Number of participating farmers increased from 156 to 556.

Increased productivity was attributed to the following: a) The project sought suppliers for the provision of shared facilities such as five demonstration farms and five greenhouses, farm equipment such as five drip irrigation, and inputs such as seeds and organic fertilizers; b) Training on soil analysis, organic fertilizer application, mulching, and other good agricultural practices was also provided through individual and institutional service providers; and c) Farmers are adopting market-based production planning, specifying type, variety, size and volume of vegetables.

To improve access to market, CARE facilitated the farmers' participation to the harvest festival and farmers' congress and was able to establish linkages with potential buyers and public and private sector for various support. The project linked the farmers to rural market consolidators and urban market in Roxas City. The farmers also participate in weekend market established through the project. Sales is P60,000 from first production compared to P130,000 from second production in demo farms alone.

To increase resilience, as a result of the project, the farmers learned to plant early-maturing vegetable varieties based on seasonal calendar and resilient crops such as bird chili peppers and eggplants; to construct drip irrigation to conserve water; and to practice mulching to improve soil fertility. The project was also able to contribute to enrolment of 29 farmers to crop and life insurance and counting. CARE's partner, Taytay sa Kauswagan, Inc., is reviving its loan for vegetable production as a result of CARE's recommendation.

To encourage women's participation, the project facilitates access to and control of farm tools and equipment suited for women such as drip irrigation to minimise time and effort for fetching water and mulching to reduce effort in weeding; and value-adding activities being done by women such as vegetable pickles and noodles.

*Asenso means progress

b) How does the initiative apply the CARE approach? (Increased Resilience, Promoting Inclusive Governance and Gender Equality and Women's Voice – The initiative does not have to apply all four to qualify)

Inclusive governance: The initiative's Agri-asenso Package is based on value chain development approach that ensures participation of key players along the value chain, especially the women and men smallholder farmers. The package integrates specific value chain functions of input suppliers, producers, and market. Backward and forward linkages are facilitated through the package. The affordability and easy access to the package ensures participation of marginalized farmers (especially women) in the value chain. To gain access to market, the initiative ensures farmers' compliance to quality standards.

Resilience: The initiative adopts resilience measures in terms of the following: preparedness and planning for livelihoods protection; savings and micro insurance to absorb shocks; and good agricultural practices to adapt to evolving conditions.

Gender equality and women's voice: Based on the initiative's gender-based value chain analysis, the needs of men and women along the value chain were identified, as well as the barriers and opportunities for their participation in the chain. To strengthen women's participation, a package of solutions specific for women was developed. This includes access to and control of means of production such as common services, farm equipment and tools, and value-added products which commands more attractive price in the market.

b) b) How does the initiative apply the Women's Economic Impact Strategy?

No response

c) Why is your initiative better than what's been done before or by others?

CARE's project, exemplified by the vegetable value chain, is already providing a package of farming solutions for smallholder farmers. The package is initially provided as grant and replicated by the cooperative partner. The initiative will adopt a market-based approach to distribute the package. With this, through the financial service provider partners, farmers should be able to continue easy access to the package with a range of solutions tailored to their needs.

The initiative also provides opportunity for humanitarian to development nexus. The package can be applied as food security tool during emergency and early recovery phases of the response and can easily be replicated in areas often hit by natural and human-induced hazards affecting the most vulnerable population and their specific agricultural industry/commodity base.

The competitive edge of our initiative is providing farmers all that they need to increase the productivity and profitability of their farms in one package that is economically viable, with lesser transaction costs (at least 200% compared to sourcing it from multiple suppliers) and is easily accessible.

a) Describe how this initiative could further impact 1million+ people by 2020? How can this be taken to scale, either at the national or international level?

The initiative will continue to focus on vegetable value chain project in Lemery, Iloilo. The information and experience gained from this will be used to improve the package as well as the distribution modalities to take it into provincial, regional and eventually national level. We are targeting to tap at least 10% of the 10.3M smallholder farmers in the country.

After the geographic expansion, the enterprise will diversify into other agriculture value chains such as rootcrops with strong market demand and in which the most number of smallholder farmers can participate.

The key to scaling this initiative is distribution thus, the initiative will adopt the B2B business model. The package will be distributed through intermediaries such as but not limited to cooperatives, associations, academe, financial service providers and our humanitarian partners. We will capitalize on the strong customer base and extensive local knowledge of these intermediaries.

The initiative can also complement with government programs. For example, the Sustainable Livelihood Program (SLP) of the Department of Social Welfare and Development (DSWD) can instead distribute our package of solutions to its farmer beneficiaries instead of dispensing out cash. This program alone has served at least 700,000 households, of which 15% are farming dependent, since its inception in 2015.

The enterprise will also partner with established agricultural crowdfunding local platforms like Cropital, Farmon.ph, and PhilCrowd to establish and increase our reach digitally. These platforms focus only on bridging the gap of financing to farmers but with the packaged solutions, the supported farms will increase their productivity which is tantamount to higher profitability.

b) Who will pay for taking this initiative to scale? (i.e. what is the funding model? Will government adopt the innovation? Will the initiative be scaled through market-based approaches? Will it be supported through traditional philanthropy or replicated by other NGOs?)

The initiative will be scaled up through market-based approaches. The business and revenue model of the enterprise is designed to capitalize on the business model of our intermediaries. The Agri-asenso package will be financed by our intermediaries (like a financial product) and the revenue from the agreed upon commission on quantity of packages sold and other fee-based services based on agreed upon output metrics will support the operational cost of the enterprise. Suppliers of products (such as seeds, tools, fertilizers) will also provide revenue in terms of mark up on these items as part of the overall package price.

The business model can also be easily adopted by financial service providers and government programs as mentioned (SLP-DSWD) and also other INGOs. As client, DSWD pays for the package and the initiative generate revenues from it.

Technology, process and systems development can be funded through traditional philanthropy and angel investors.

c) Based on your experience so far, what is the major obstacle or challenge you feel CARE faces in taking this initiative to scale?

If CARE will directly do the distribution of the packages, the following will be the major challenges or obstacles to taking this initiative to a sustainable scale:

- CARE is perceived to be a donor providing grants;
- As an INGO, CARE has no mandate to be engaged in business-oriented initiatives; also Philippine law does not allow INGO to undertake business activities;
- CARE's organizational structures and systems may hinder scaling up and achieving viability.

a) What is evidence or the analysis that proves there is demand or interest for this initiative? (i.e. is there interest from the government? Are stakeholders such as partners or communities interested in scaling? Have donors or investors shown interest?)

Historically, the government subsidizes viable food production programs that alleviate poverty. In the 1950s and 1960s, micro financing institutions received support through directed credit programs (DCPs). This continued as major policy tool in alleviating poverty until the 1990s in which most funds went to the agriculture sector.

In the National Strategy for Financial Inclusion (published July 1, 2015), the presence of a wide range of financial products and services was determined to attain inclusive growth. Our package of solutions bundled as a loan product by micro-financing institutions would be a viable program to be supported by the government

Taytay sa Kauswagan, Inc. (TSKI) a microfinance institution has expressed interest in this initiative. In line with the CARE project, CARE and TSKI are jointly developing package solutions for vegetable and herb farmers as loan products

The initiative has also been brought up to Fatima Multi-purpose Cooperative (FMPC) and they also expressed interest. Initial idea is a package around cassava post-harvest processing (e.g., improvised solar dryer loan).

On a national scale, there is large potential demand since as of 2015, the agricultural production loans availed throughout the country totaled to Php 8 billion (\$160M).