

AGRO- ENTERPRISE CLUSTERING APPROACH

Learning Session Synthesis Report



Event Background

The Jollibee Group Foundation (JGF) and Philippines Partnership for Sustainable Agriculture (PPSA) held a Learning Session on Agro-Entrepreneurship Clustering Approach.

The session provided an overview of a private sector model of the Agro-Enterprise Clustering Approach (AECA) and how it makes an agricultural value chain inclusive. It illustrated the roles of institutions in supporting farmers in the AECA approach. The session also highlighted best practices of farmers who participate in the AECA.

The session was divided into three parts:

1. An overview of AECA which provided the background on how AECA works and discussed the three phases of implementation;
2. Farmer's sharing of Alcala Onion Rice Corn Growers Multi-Purpose Cooperative's experience with the AECA approach and how it helped their farmers improve productivity and increase income; and
3. Panel Discussion on best practices and how different sectors and institutions can support farmers through AECA.



Highlights of the Session

We envision helping farmers transform from being producers to agro-entrepreneurs who can sustainably earn from farming as a business.



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- Market Oriented Production + Entrepreneurship Skills Building can help farmers shift from producers to agro-entrepreneurs.
- Being an agro-entrepreneur means two things: (1) the farmer can manage production with modern inputs and technology and (2) combine it with enterprise through collective marketing and value addition.
- Smallholder farmers find difficulty in supplying to big buyers because of limited crop supplies, lack of farm inputs, and equipment. It is also more difficult to access financing for smallholder farmers.
- There should be an emphasis on collaboration because an inclusive agri-value chain cannot be done alone.
- Through clustering, smallholder farmers are gathered and organized as a cooperative or association. As a farmer cluster, they are able to pool together their crops to supply to big buyers and has easier access to financing, grants, and even government mandated support services such as linking them to interested investors.
- To improve coordination, farmers can organize themselves into clusters to consolidate their products for better volume and competitive supply. This is also done with the help of local partners such as LGUs, coops, microfinance institutions, or social enterprises.



- Agro-Enterprise Clustering Approach (AECA) is envisioned to be the farmers' journey of learning. It is a sequence of steps that are organized into three phases of business development:
 - **Organizing and Information Gathering for Business Plan Preparation** - this phase sets up the partnerships and structure of the working groups of partners and formation of farmer clusters. The production module is taught to the farmers to help them develop their projected supply plan based on the market information that they will gather in this phase
 - **Agro-Enterprise Planning for Collective Marketing** - Agro-enterprise facilitators guide the farmers in forming their agro-enterprise objective, which states their product, target market, target volume, and sales. The farmers also agree on their cluster policies, organization or clustering approach, and risk measures. Farmers also complete and sign their agro-enterprise plan.
 - **Agro-Enterprise Implementation and Improvement** - farmers start delivering and monitoring their progress. In this phase, the farmers and the working group assess the performance and adjust the plan as needed. Farmers can also diversify into a new crop or market by going through the cycle again.
- Philippine Good Agricultural Practices are important to help farmers ensure that their produce are of good quality and are safe for public consumption, enabling them to access different markets.

An AECA Farmers' Story



"As a farmer leader, you have to do something to change the situation and respond to the problem."

Ted Nazareno

Alcala Onion Rice Corn Growers Multi-Purpose Cooperative is one of the 17 farmer cooperatives supplying to Jollibee.

Their cooperative was part of JGF's Farmer Entrepreneurship Program (FEP) where they learned to form clusters of farmers. They were also trained to develop a production module and supply plan. The farmers also learned to shift to modern techniques and tools in farming and developed their entrepreneurial skills.

JGF also supported the cooperative in adopting Good Agricultural Practices (GAP) and engaged the farmer leaders to do role modeling of GAP to the members of their cooperative.

Through these interventions, their cooperative was able to improve the quality of their crops, enabling them to supply to big buyers like Jollibee.

Reflections

What have we learned so far and where do we go from here?

Doing AECA is challenging but it is possible. With the support from the clusters and implementing a systematic and science-based approach, it will succeed.



Smallholder farmers can become regular suppliers of institutional buyers such as Jollibee Foods Corporation.



Farmers need the help of support institutions so that they can upgrade their participation in the value chain.



Farmers need financing. We need to look into how it can become more accessible and flexible for smallholder farmers.



We need to include farmer leaders in the decision making process and engage them as role models of Good Agricultural Practices to encourage farmers to participate.



Collaboration within the clusters is essential to access markets.



Continuous learning is important. Project Management is critical for us to analyze the process for improvements.



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