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RECOVERING AND REHABILITATING LIVELIHOODS

BUILDING THE RESILIENCE OF COMMUNITIES AFFECTED BY TYPHOON HAIYAN IN THE **PHILIPPINES** THROUGH SUSTAINABLE INCOME



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Improving Local Service Provision System in the Vegetable Market in the Philippines



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Understanding the vegetables sector

Eastern Samar is one of the poorest provinces in the Philippines. According to the Philippines Statistics Authority, the province recorded 63.7% poverty incidence in 2012. Typhoon Haiyan, one of the most devastating storms hit this province at the end of 2013, damaging an estimated 42 million coconut trees in the province alone. As coconut has been occupying 26% of the agricultural land and the main source of income for farmers in this region, the typhoon destroyed the overall livelihoods of the people in the region.

Taking this vulnerability into consideration, the Recovering and Rehabilitating Livelihoods Project was designed with the objective of building the resilience of communities affected by typhoon Haiyan through sustainable income.



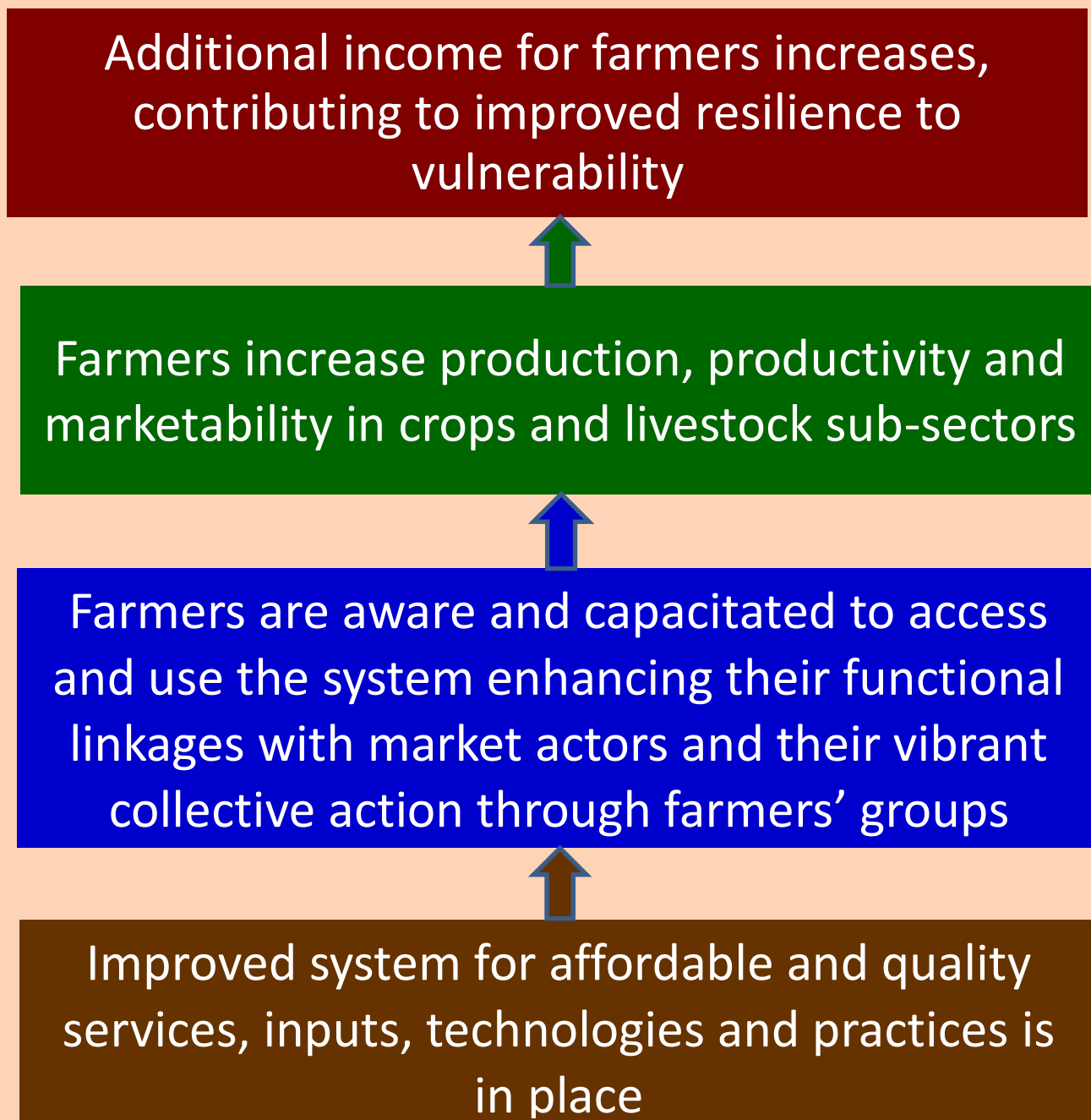
While designing the project, the vegetables subsector was found to have the potential to build farmers' resilience through generating income. Farmers produce vegetables both in highland and lowland areas in the wet and dry seasons. However, the vegetables subsector was found to be very much fragmented and limited among

few farmers as part of home gardening and subsistence production/consumption.

The assessment by the project revealed that factors such as limited access to high quality inputs, knowledge, technology/practices and pro-poor-enterprise-friendly financial products and services, and lack of business skills and functional market linkages inhibited the growth of the vegetables subsector.

Strategy and vision

The analysis came up with the basic impact logic of the project as shown in the following diagram:



Considering the limited access to affordable and quality services for poor producers, the concept of local service provision was introduced by the project. The main idea was promoting a local private service provision to facilitate access of poor producers to quality and affordable services through local resource persons who are tuned with advanced skills and knowledge. And these Local Service Providers (LSPs) would be paid by the service receivers for their services, which would ensure sustainable and scalable quality service provision.

For introducing the fee-based commercial service provision, the primary hypothesis was drawn as follows:

From demand side – farmers will pay for the services if -

- The services solve their problems immediately;
- The services create additional/new income earning opportunities for them or increase their profit margin; and
- The services are affordable

From supply side – service providers will continue providing services if -

- There is a sustainable demand of services;
- Service provision makes satisfactory financial contribution to their livelihoods; and

There is scope of having updated knowledge regularly

Role of the project

There was an open advertisement from the project for interested and eligible candidates to apply to be engaged as LSP. A number of applications were received, and after scrutinizing, 22 LSPs were selected for the 1st batch in August 2015. The LSPs started working with the facilitation support from the project's Field Facilitators. Facilitation supports included developing LSPs' confidence while talking to different stakeholders, negotiation skills while price fixing with producers and buyers, facilitation skills while organising farmers' meeting, etc. But the confidence levels of both the Field Facilitators and LSPs were very low to make the system up and running. There was a common view that the farmers would never pay for the LSPs' services and the LSPs would not be able to earn money through selling their services, and ultimately the local service provision system would not be sustainable. LSP would continue working as long as they get remuneration from the project.



Results: the story of Josefa

However, within a very short period, the story told by Josefa Ibañez proves the project's hypothesis to be true.

Josefa Ibañez, one of the LSPs, lives in a remote place of Guiuan under Eastern Samar province in the Philippines. She got married to a carpenter, and they have three sons - one has just finished his schooling and is looking for a job and the other two are studying in college. Her husband's income was just enough to meet up their family needs, but when their children were admitted to college, it was very hard for them to manage their family expenses.

Josefa started a home-based tiny grocery shop but she failed to make profit and eventually the shop was closed. She had different part-time jobs: an Agent of a Life Insurance Company, an Enumerator for the Philippines Statistics and a Researcher for a UNICEF project.

Typhoon Haiyan damaged all their assets including their house. Since her husband was a carpenter, after the typhoon, the demand and wage rate of her husband's carpentry work went high. However, due to overwork, her husband got sick and had to stop working. It was the most challenging part of her life. Being very helpless, when she was moving here and there, sometimes in May 2015, she heard about the project's call for the LSPs. She applied, and was selected and given training by the project.

She has improved her knowledge and skills in basic agriculture, and her skills to negotiate with farmers and buyers, and to communicate with private and government agencies. All the improvements came from the training, workshops, meetings and accompaniment support facilitated by the project.



As LSP, Josefa offers different services to the farmers. The services include technical advices on crop production, supply of quality inputs, consolidation of farm products, underwriting support for crop insurance, and linkage development with market actors (buyers, traders, retailers and processors), micro-finance institutions, private companies and government agencies

Among her services, consolidation of farm produces, supplying of quality seeds and underwriting of crop insurance proposals are the most demanded services by the farmers. Regular and bulk delivery of vegetables has also very high demand by the vendors and retailers in the vegetable market, and restaurants and eateries in the town.



As a market promotion strategy, she provided quality vegetable seeds to the farmers of seven *Barangays*¹ in Guiuan. She gave the seeds free of cost and encouraged the farmers to cultivate the vegetable with her technical guidance. She also gave the farmers guarantee that she would buy the vegetables after harvesting. After receiving quality seeds, technical guidance and buyback guarantee from Josefa, 60 farmers cultivated eggplant, bell pepper and tomato in 2.4 hectares of land and harvested 37.4 tons of vegetables.

¹The smallest administrative division in the Philippines



This strategy developed farmers' awareness about the production and profitability of vegetable cultivation. Hence, this strategy increased the number of producers, area coverage and marketable volume of vegetables in her catchment area, which resulted to expand her service market to make more income. In addition to her own municipality, she goes to Maydolong, Llorente, Salcedo, Balangkayan and Balangiga municipalities for consolidation of vegetables or contacts with other LSPs of those municipalities to supply some vegetables if there is a shortage of supply of those particular vegetables in Guiuan market.

Presently she provides her services to an average of 70 farmers and earns an average income of 6,500 pesos¹ per month. She has increased her investment up to 8,000 pesos for expansion of her service market.

She has also repaired her husband's tricycle and engaged her husband along with the newly repaired tricycle for transportation of consolidated vegetables to the higher markets.



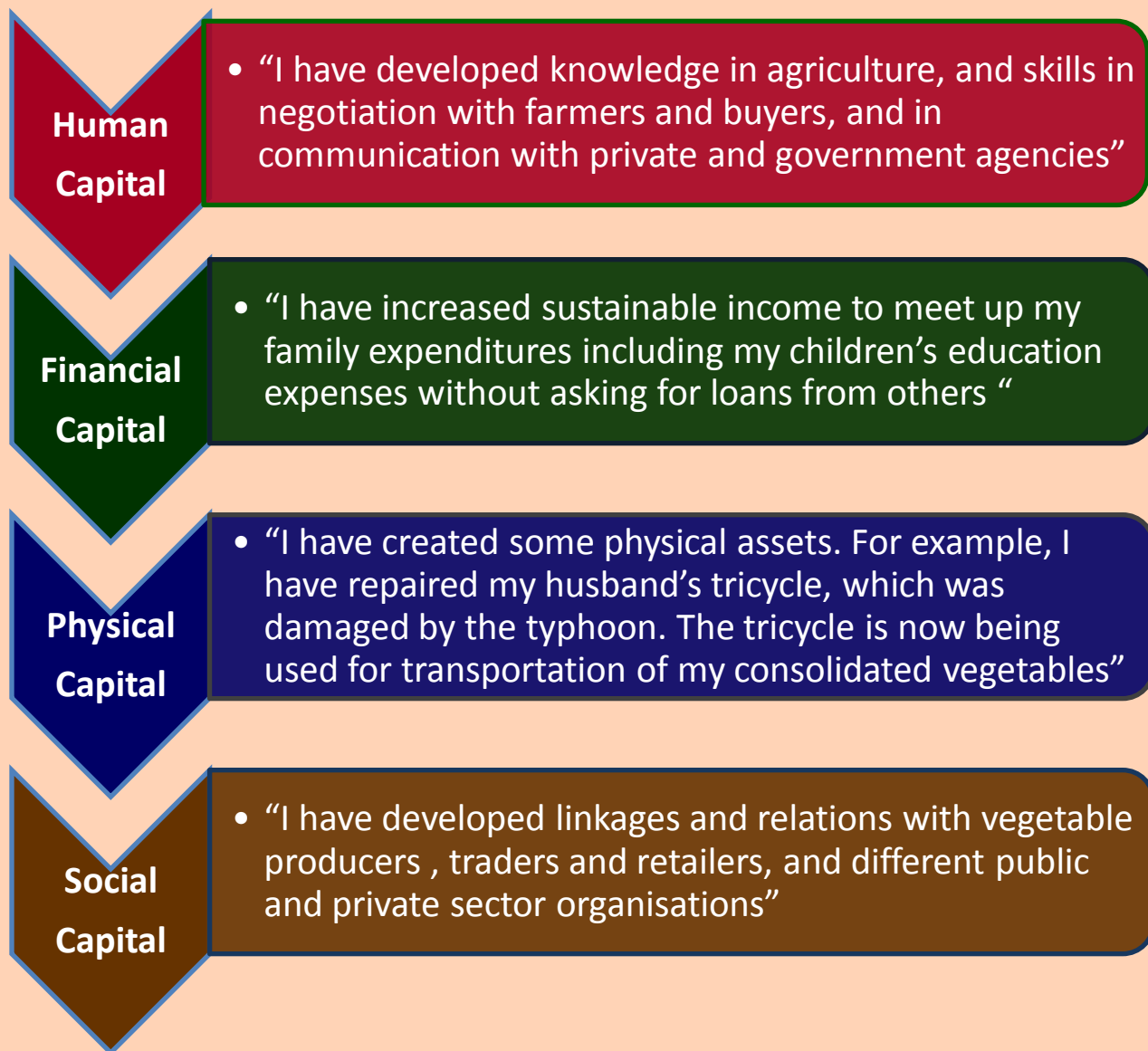
As a result, her income from service provision is increasing while her last month's income was 11,100 pesos, and she forecasts her income to be increased in the coming months.

While asking about her clients' satisfaction, she mentioned: *"Earlier, the farmers did not know about the quality seeds, improved production technologies and the market/buyers of vegetables. As a result, they used to plant very less vegetables only for their own consumption. But now, the farmers are getting all sorts of production and marketing supports from me. As a result, their production and sales of vegetables have been increased, and they are earning a good amount of income from vegetable production. So, the farmers are very happy of my services"*.



¹ 1 USD = 47 PHP

While asking about the improvement of her livelihoods, she mentioned that her livelihoods have been significantly improved from different aspects due to her engagement as Local Service Provider. The improvements are shown against different livelihoods capitals in the following diagram:





About continuing her work as LSP, she mentioned:

“Still I remember the hard times of my life when I did not have job as well as income after closing of the projects I worked for. I am a college graduate and I have work experience with different agencies. I thought that this would enable me to get a part-time job, but I did not want to experience an unstable income-earning situation.



Being an LSP requires a lot of hard work; it is self-employment for earning incomes for me where I can also help the farmers. I would continue working as LSP and I enjoy being an LSP. I feel more contented if someone thanks me for my help”.

While asking about her future plan, she responded:

“I have a plan to have a stall in Guiuan public market for wholesaling of farm products and quality inputs. My targeted clients are the vendors and retailers of the vegetable market, and the vegetable farmers of the area where my daily income is 30,000 pesos.”



Regarding institutionalisation of local service provision, she stated that the LSPs have formed an Association recognizing the need for their organization with formal/legal entity. The association has received accreditation from the Department of Labour and Employment. The association helps to recognise the LSPs as more important partners by various public and private sector organisations. This promotes and protects the professional interest of the individual LSPs as well as the association. The association provides loan (from savings), rent out equipment (e.g. tricycle) and provide strategic supports to its members. The association has developed strategic plan on how to address the strategic issues of LSPs in future.

The story of Josefa indicates that the LSP made financial contributions to promote vegetables production in order to reach more farmers and other actors such as buyers and input providers. LSP invested in for consolidation of farmers' vegetables and for transportation of consolidated vegetables to end markets. The LSPs as well as the producers, traders and retailers of the vegetables market benefited from and are satisfied with the improved system. LSPs and other market actors are willing to continue emerging good practices. The story also gives an indication of 'crowding-in' of similar LSPs, and responsiveness and receptiveness of local service provision system.

Out of 22 LSPs, three dropped out due to family reasons and unwillingness to continue as LSP. Among the remaining 19 LSPs, 15 are doing well in terms of income earning from local service provision. They are very active to share their problems and positive to accept others' feedbacks. They enjoy being LSP and willing to continue as LSP.

Despite the challenging context in which a vast majority of the agencies have been implementing cash based projects, the progress of improving the vegetables market system (and in turn the overall agricultural system) is quite positive.

Key Lessons

The project learnt some lessons over the period of introducing the local service provision system. The key lessons are as follows:

1. Selection process of the LSPs is very important for continuity of their profession as LSPs. Selection of LSPs through a proper process with the right criteria (e.g. interest, prior experience, being from the community etc.) ensure the expected level of commitment of the LSPs to develop their skills and continue their profession as LSPs.
2. Relevant skills development training/workshops is very important for building the capacities of the LSPs. Training/coaching with practical exercises and proper facilitation develop the expected facilitation and negotiation skills of the LSPs.
3. Having competent Field Facilitator is the key for developing local service provision system. Field Facilitators with conceptual clarity about market system development approach makes the system change easier.
4. In the context in which market system is much disorganised, initial 'project-driven' initiatives are needed. These initiatives visualise the incentives of the market players, and encourage them to come up with their investment.
5. LSPs Association plays very vital role to recognise LSPs as important partners by the stakeholders who usually seek high degree of formal partnerships. For example, the Philippine Crop Insurance Corporation showed interest to work with LSPs Association instead of individual LSPs.