
DEVELOPMENT OF THE BDS MARKET IN MINDANAO



USAID MICROENTERPRISE IMPLEMENTATION GRANT PROGRAM
BUSINESS DEVELOPMENT SERVICES
G/EGAD/MD-01-A-002

PROGRAM DESIGN

(Excerpts from Program Design and Implementation Plan Report)

**Fruits and Vegetables Subsector
Northern Mindanao, Southern Mindanao, and CARAGA
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 **Philippines**

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OVERVIEW

A one-month inception mission was conducted last April-May 2002 and during which the following activities were conducted:

- Conduct of a BDS cum Product Development Orientation Workshops in three regions and participated by about 92 providers
- Rapid Assessment of the target areas of operation
- Establishment of the parameters of the intervention
- Definition of program design framework

The program design framework which was defined during the mission is anchored on the premise that for micro enterprises to significantly benefit from investment of BDS, the services should help them improve their capabilities to match market requirements and gain access to lucrative markets and profitable economic activities. Parallel to this, interventions must have positive impacts on the BDS markets in order to achieve sustainable impacts at the micro enterprise level. Likewise, the inception mission recommended for a subsector-specific BDS program that will focus on growing the final goods and services market through BDS development interventions.

Based on the program approach and framework defined during the inception mission, the following learning agenda topics were established during the USAID review mission from August 1-8, 2002:

- Strategies for integrating the poor into mainstream markets
- Strategies for reaching down-market
- Strategies for developing embedded services
- Strategies for effective BDS-market facilitation

The Review Mission also strongly recommended a focus on only one subsector for this particular IGP program. Following the steps outlined in the inception report, specialized market researches were conducted from July to September 2002 on the following:

- Fresh Fruits and Vegetables Subsectors in Northern and Southern Mindanao
- Processed Fruits and Vegetables in Northern Mindanao, Southern Mindanao and CARAGA
- Kaong, Macapuno, Nata de Coco, Macapuno, and Mango Products
- Sari-Sari subsectors in Northern and Southern Mindanao

The researches were focused on the following:

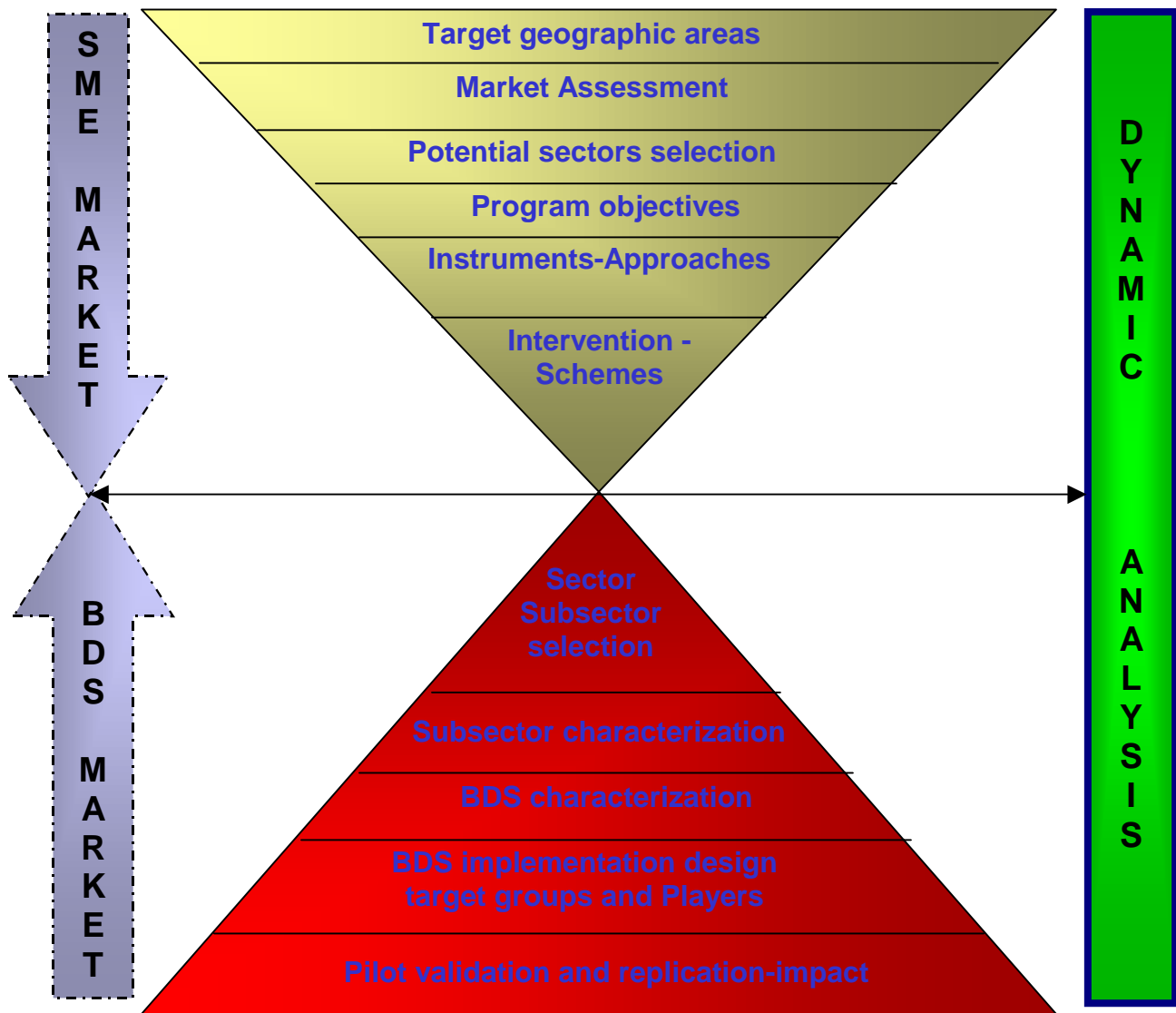
- Players and processes in each link of the chain, including constraints and opportunities
- Existing products, producers, and associations and their status
- Market trends and statistics for dominant products
- Existing BDS and providers
- Existing customs and practices among the target groups

The objective of the specialized researches is to define the BDS product vis-a-vis market requirements and establish its parameters in terms of the following: a) intervention vis-a-vis market constraints; b) target clients; c) BDS providers most appropriate for BDS

products; and d) potential payment schemes/financial viability schemes. 4 groups of providers with an average of 5 team members were commissioned to conduct the study. With the mentoring and coaching support provided by the USAID BDS Program project team to the providers, the market assessment activity provided the providers with opportunities to further develop their capability to conduct subsector/BDS assessment as well as enhance their understanding of BDS.

The results of the specialized market studies plus conclusions of the preliminary assessment during the Inception Mission were used as the basis for carrying out the next steps in program design, namely:

- Sector/subsector selection
- Subsector characterization
- BDS characterization/definition
- BDS implementation design including target groups and players



THE BDS HOURGLASS

SECTOR SELECTION

Based on the premise that income is one of the more important economic indicators, the focus of the intervention will be the connection between the demand and the supply side of the value chain. The latest survey in the Philippines¹ shows that in 2000 total family income was about PhP 2.2 trillion, an increase of 26% compared with the 1.7 trillion in 1997. On the average, a family in the Philippines is earning PhP 150,000 per year. National Capital Region (NCR), accounted for the largest share (PhP 657 billion, 31%). Region XI has the fourth largest aggregate family income (P 116 billion, 5%)

From the total family income (P 2.2 trillion), the total household spending in 2000 stood at P 1.8 trillion, where NCR spending was at P 535 billion. The more rapid expenditure growth was recorded in Luzon and Mindanao. PhP 786 billion of the total family's spending went to the food expenditures. 27% of aggregate expenditures on food were expended in the Cereals and Cereal preparation, 16% for Meat and Meat preparations, 13% for Fish and Marine products.

Based on the surveys conducted and secondary information reviewed, Food Sector has demonstrated to be the main economic growing sector. In terms of involvement of micro enterprises and the poor, Food Sector appear to have the greatest number followed by the informal trade sector like the sari-sari store owners (a local term for small neighborhood stores where a wide range of commodities and goods are sold)

The program works on the criteria that interventions must be concentrated in a subsector within a sector with the highest potential to spur economic growth so as to optimize the efforts and resources during the implementation. The analysis undertaken during the selection process shows that intervention in the Food Sector has the highest potentials and the advantages in improving the existing conditions of the target areas (Southern Mindanao, Northern Mindanao, and CARAGA).

¹ Center for Food and Agri Business, UNIVERSITY OF ASIA AND THE PACIFIC

Table 1. Advantages and Disadvantages: Food and Trade Sectors

| | ADVANTAGES | DISADVANTAGES |
|----------------------------------|--|---|
| F O O D | <ul style="list-style-type: none"> • Added value • Income generation • Existing employment rate • Linkages with wide range of actors • Dominant sector among the others • Opportunities to consolidate/create synergies with others supporters • Market demands and niches opportunities in local, nationwide and export markets • Emerging demand for processed food • High impact on the local economic growth • Incoming support from the donors and the government agencies • Agri-based enterprises constitute the 90% of the economic activities in Phil • Only 4% of the Agri-production have been processed • High rentability and returns are involved in the sector • High level of utilization of the Agri-products (rejects, waste, etc) | <ul style="list-style-type: none"> • Low number of small processor companies • Access to facilities and technologies are not readily available to target groups • Medium-high level of investment is needed • Low capacity of production and low productivity among the few existing producers • Start-up capital for equipment not readily accessible to micro producers • Fewer banks open to finance their capital needs and investments |
| T R A D E | <ul style="list-style-type: none"> • High number of existing Sari-Sari stores • Members of the families involved • High potential of impact of any intervention • Less resources are needed to set-up a business • Well accepted concept among the local actors • Rural Banks/MFIs are open to finance their capital needs • Short term return of investments • Medium term to measure the impact of any intervention | <ul style="list-style-type: none"> • Less opportunities to develop the business • Fewer opportunities to increase employment rate • No added value possibilities • Less opportunities to expand their markets • No product specialization |

Based on the above table, there are more advantages in working in the Food Sector than in the Trade Sector as of this moment. The disadvantages and constraints in working with the Food Sector particularly access to equipment and technology can be addressed and/or reduced through promotion of collective group enterprises and establishment of synergies with other players.

Table 3. Product Category Assessment

| SUB SECTOR DIVISIONS | CRITERIA | | | | | Total |
|------------------------------------|------------|--------------------|-------------|-----------|------------------------------|-------|
| | Facilities | Actors Involved | Consumption | Structure | Potential to be developed | |
| Fresh Fruits and Vegetables | 2 | 3 | 5 | 2 | 5 | 44 |
| | 2 | 3 | 2 | 3 | 3 | |
| Processed fruits | 1 | 2 | 2 | 4 | 4 | 33 |
| | 3 | 2 | 3 | 2 | 3 | |
| Juice and beverages | 1 | 3 | 2 | 4 | 5 | 38 |
| | 3 | 2 | 3 | 2 | 3 | |
| Processed vegetables | 1 | 1 | 1 | 2 | 2 | 13 |
| | 3 | 2 | 2 | 2 | 1 | |
| Delicacies, jams and marmalades | 3 | 2 | 2 | 3 | 3 | 18 |
| | 1 | 2 | 2 | 1 | 2 | |
| | 2 | 1 | 3 | 2 | 1 | |
| Crops | 3 | 3 | 4 | 1 | 3 | 17 |
| | 1 | 2 | 1 | 1 | 1 | |
| | 2 | 2 | 2 | 3 | 3 | |

Based on the above prioritization matrix, we identified three main areas of specialization in which the intervention will take place, namely: a) fresh fruits and vegetables; b) processed fruits; and c) juice and beverages. Likewise, the total expenditures in the three product categories comprise bulk of the fruits and vegetable demand and consumption in the Philippines and particularly in Mindanao.

Table 4 presents the latest expenditures by subsector commodities for the whole Philippines.

Table 4. Family Expenditures by Commodities

| COMMODITY | EXPENDITURE (billion) |
|--|------------------------------|
| Fresh pork | 40.6 |
| Fresh chicken | 33.6 |
| Powdered milk | 30.2 |
| Fresh Fruits | 29.6 |
| Bread | 22.9 |
| Meat preparations | 22.7 |
| Fresh Beef | 16.8 |
| Fruit vegetables | 16.3 |
| Carbonated drinks | 14.2 |
| Vegetables and preparations | 18 |
| Fruit juices and non-carbonated drinks | 11 |

The table below shows the expenditures of the three main categories of the Fruits and Vegetables subsector in Southern Mindanao, Northern Mindanao, and CARAGA.

Table 5. Fruits and Vegetables Expenditures in Target Areas

| Commodity | Consumption | Expenditure | |
|-----------------------------|--------------------|--------------------|-------------|
| | | P' Million | USD |
| Fresh Fruits and Vegetables | | 7800 | 148,000,000 |
| Processed fruits | | 196 | 3,700,000 |
| Juice and beverages | | 502 | 9,500,000 |
| Processed vegetables | | 11 | 208,000 |

Interventions in the three areas based on the market assessment will be presented in the implementation plan.

CHARACTERIZATION OF THE SELECTED SUBSECTOR

Using the results of the market assessment, an in-depth analysis of existing conditions in the subsector selected was conducted to determine the interventions required vis-a-vis constraints to be solved and opportunities that can be promoted. Table 6 presents the summary of the constraints and opportunities in the fruits and vegetable subsector.

Table 6. Fruits and Vegetable Subsector: Constraints and Opportunities

| CONSTRAINTS | OPPORTUNITIES |
|---|--|
| <ul style="list-style-type: none"> ▪ Few processors and of which the majority is big and international companies especially for top products ▪ High quality raw materials with prices controlled by the big processors and traders who usually buy at low prices ▪ Profit from the exports goes outside of the country (multinational companies) ▪ High level of dependency on the middlemen ▪ Technologies and facilities are not readily available to micro processors ▪ Medium-high level of investment for equipment and working capital for the potential target groups ▪ Low levels of quality and productivity ▪ Low standards and sanitary conditions ▪ Farmers are far from the local and traditional markets (additional cost) ▪ Poor access to credits and funds | <ul style="list-style-type: none"> ▪ Creation of new small enterprises processors especially with the enactment into law of the Barangay Micro Business Enterprise Act of 2002 and the renewed interest of government to promote the “one town, one product” program ▪ Income and employment generation for rural and semi rural population through community based enterprises created ▪ Optimization of the supply side (raw materials) by using their own farm production ▪ Reduction of the capital and investments by sharing the costs among the farmers involved ▪ Resource optimization by creating synergies and linkages between existing players and supporters ▪ Continuously increasing demand for the target products ▪ Demand is higher than supply ▪ Wide range of product lines can be processed with the same equipment and investments ▪ Variety of raw materials supply produced during the whole year as well as food supply ▪ Preservation of the product ensure sales throughout the year |

| CONSTRAINTS | OPPORTUNITIES |
|-------------|--|
| | <ul style="list-style-type: none"> <li data-bbox="820 241 1323 304">▪ High impact on the local economic growth <li data-bbox="820 336 1356 441">▪ Optimum utilization of second quality and rejected commodities of the big companies and traders <li data-bbox="820 472 1372 598">▪ Existing local knowledge and practices on fruit processing among the farmers and their households (and, to some extent, among the vendors) |

Following the subsector development approach, the actors/players, processes, and main constraints and opportunities in each link of the chain were defined. The objectives for this step are: a) to identify those activities, processes, and actors that are crucial in improving subsector's capability to match requirements of bigger and lucrative markets and, consequently, the income generation potentials of the players particularly those at the relatively disadvantaged position; b) to determine on how these processes can be strengthened and the constraints minimized; and c) identify the BDS that will bring about the required changes in these processes/actors. Corresponding BDS that will enable the players in the subsector to take advantage of the opportunities and/or address the constraints are presented in Table 7.

Table 7. Potential BDS and target groups vis-à-vis constraints and opportunities in each link of the chain

| LINKS OF THE CHAIN | CONSTRAINTS | OPPORTUNITIES | PLAYERS | POTENTIAL BDS | TARGET GROUPS |
|--------------------------------|--|--|---|---|--|
| Agri production | <ul style="list-style-type: none"> Increasing cost of inputs Most of the inputs are imported Low access to credit High dependence on middlemen Lack of planting/ post harvest facilities and infrastructure/ technology Low income/capability of investment Low level of education/ entrepreneurial skills Low capacity to act as a group Lack of relevant info | <ul style="list-style-type: none"> Growing demand for fresh and processed food High adding value products ARC can be strengthened Bulk buying | Farmers Fertilizers suppliers Equipment suppliers Informal financiers ARC GEM DA DAR DTI Local government Agrarian Universities | <ul style="list-style-type: none"> OD Bulk buying and marketing services Local labels Agri extension services | Farmers Vendors GOV'T NGO's Private Input/equipment suppliers Association leaders New young consultants |
| Raw materials/inputs supplying | <ul style="list-style-type: none"> Lack of infrastructure Low income/ individual purchasing power Low quality and productivity of Agri-products | <ul style="list-style-type: none"> Linkage between the suppliers and producers Bulk buying | Farmers Equipment suppliers Transportation suppliers Inputs suppliers GEM DAR DTI | | |
| Food processing | <ul style="list-style-type: none"> Low quality, sanitary and productivity Good packaging materials are imported Equipment are imported Volume required by the mainstream is higher than their | <ul style="list-style-type: none"> Demand is higher than production Large number of ARC and farmer groups willing to set-up processing enterprises Barangay Business Enterprise Act of 2002 and "one town one | Semi processed food producers Producers Multinational companies Packaging suppliers DOST DTI Banks Universities | | <ul style="list-style-type: none"> Set-up collective based companies for food processing Product development Subcontracting, Big Brother system Quality and sanitary standards |

| LINKS OF THE CHAIN | CONSTRAINTS | OPPORTUNITIES | PLAYERS | POTENTIAL BDS | TARGET GROUPS |
|--------------------|--|--|--|---|--|
| | <p>bigger than their capacity</p> <ul style="list-style-type: none"> • Low level of entrepreneurial skills • Low Access to funds/credit • Poor access to info • Monopoly of multinational firms • Lack of infrastructure • Low supply of BDS | <p>and “one town, one product program” of government</p> <ul style="list-style-type: none"> • Whole year availability of raw materials for processing • Strategic area of BIMP EAGA • Quality and sanitary laboratory facilities available • Potentials to become suppliers to exporters | <p>Consultants Local government BFAD</p> | <ul style="list-style-type: none"> • Production techniques and skills • Branding and labeling • GMP-HACCP implementation plans • Alternative technologies for food processing • Market research • Marketing BDS | |
| Local market | <ul style="list-style-type: none"> • Low level of education/entrepreneurial skills especially among vendors • High volume of rejects and spoiled commodities • Standards from the mainstream are not reached by the producers/vendors | <ul style="list-style-type: none"> • Growing demand for good quality products • Ongoing government campaign on Buy Filipino products • Civic concientization on cleanliness and waste management • Development of own and positive image of Mindanao • Optimization of the existing resources and support | <p>Vendors Wholesalers Informal buyers-sellers Informal financiers MFI Hotels, restaurants Distributors Retailers Supermarkets Local government Consultants DTI DA</p> | <ul style="list-style-type: none"> • Market place label • Marketing BDS • Market awareness campaigns • Match-making • Franchising | <p>Supermarkets Distributors Hotels Restaurants</p> <p>GOV'T NGO's Private Academe</p> |
| Nation wide market | <ul style="list-style-type: none"> • Short term shelf life of products • Supermarkets are not willing to engage in supply chain management • Lack of information on consumer trends • Lack of consistent | <ul style="list-style-type: none"> • Increasing the income of the chain players through consumer demand knowledge • Ongoing government campaign on Buy Filipino Products • Growing interest on natural and healthy | <p>Wholesalers Viajeros-traders Banks Hotels, restaurants Supermarkets Agents BFAD</p> | <ul style="list-style-type: none"> • Market awareness campaigns • Match-making • Franchising | <p>Supermarkets</p> <p>Existing BDS providers</p> |

| LINKS OF THE CHAIN | CONSTRAINTS | OPPORTUNITIES | PLAYERS | POTENTIAL BDS | TARGET GROUPS |
|---------------------------|---|---|---|--|--|
| | quality and punctual delivery | products | | | |
| Export market | <ul style="list-style-type: none"> • High level of requirements and standards • High volume required • Few export companies control the market • High productivity and volume over the neighboring countries • Lack of BDS and providers • Lack of infrastructure | <ul style="list-style-type: none"> • Growing demand for fresh and processed fruits | Exporters Foreign buying agents Banks Customs DTI | <ul style="list-style-type: none"> • Diversification and introduction of new products • Match-making • International standards and trends | Exporters GOV'T Buying agent |

BDS INTERVENTION DESIGN

A. BDS Intervention

Based on the framework that availability, acquisition and use of relevant BDS will significantly facilitate the economic growth of the sector, interventions are further defined, narrowed, and tailored to the constraints of the BDS Market. From the analysis of the constraints in the BDS market as presented in Table 8, interventions will consist of three components, namely: a) capability building of existing providers; b) developing the BDS supply; and c) linking the demand and supply of BDS. The first component is in response to the fact that existing BDS and its providers, particularly those that pertain to livelihood activities, are not aligned to market demand, available resources, indigenous skills, and characteristics of intended clients. There is a general tendency for enterprises to be recipients of global and generic advice, which often did not suit their particular needs nor match the requirements of the market. This component will involve the promotion and support to existing providers to build their capability to align their services to market requirements.

The second component addresses the lack of services necessary to enable enterprises to take advantage of opportunities in the mainstream market. The program will provide support to develop the potential BDS that are needed and the providers capable to deliver the required services, especially so that existing supply is not sufficient to improve the actual conditions of the micro and small enterprises. This will also involve training and transferring the knowledge to the local BDS market. This component also includes the exploration of financial sustainability strategies for BDS delivery by building on market-based transactions that would have potentials of getting services accessible to the micro and poor. For this component, we will use the Pilot-Validation approach for all of the interventions and BDS proposed.

After the two first components will be achieved, validated and transferred to the local BDS market, the third component will consist in linking the supply and the demand sides, which will consolidate the market relationships and transactions between the enterprises and the BDS providers. The core for this component will be the operationalization of the BDS Providers' Network and awareness campaigns directed to both enterprises and providers using the results of the pilots. The Network is envisioned to carry on after the program ends selected functions of SC Phil such as BDS promotion campaigns, networking, resource and information acquisition, facilitation of downloading of new technology, organization of BDS skills training, and other services not available in the market and/or would be difficult or expensive for a provider to access individually. It will also serve as an advocacy base for the BDS industry in Mindanao.

Market assessment results indicate that attention to gender-based differences in agriculture and processing activities, resources, and benefits can improve the outcomes of BDS interventions. The program will, therefore, identify and promote the conditions and patterns of production and trade that will enable a more equitable distribution among women and men-owned enterprises of the gains associated with the USAID BDS program. Likewise, in line with promoting sustainable development and the growing preferences of consumers for environmental friendly production processes and goods, efforts will be made to integrate poverty-environment concerns in program implementation with emphasis on promoting eco-friendly practices as a means of achieving business profitability objectives and sustainability.

Given the fact that most ongoing programs in the three target areas are focused on improving the fresh fruit and vegetable production, interventions under the USAID program will focus on a range of BDS geared towards promoting value added processing and improved commercialization under the following themes/approaches:

Setting-up and/or expansion into commercial scale and standards added value processing through linkages with established producers and traders. Target clients for this approach are farmers and their household members as well as community-based groups that have started fruit processing (although on intermittent basis) or those interested to pursue fruit processing. Likewise, this will help build the region's fruit processing production base with a focus on increasing the productivity and production capabilities of enterprises within the context of mainstream market standards. In an area like Mindanao, where there are only a few small and medium enterprises, the importance of collective micro enterprises as incubators of new small enterprises becomes even more relevant. This will also provide significant support to the government's "one town, one product" program.

Enhancing and sustaining commercialization of products through product and marketplace differentiation. Main target groups under this theme are the players in the fresh fruits and vegetable open market. This will involve transforming existing weaknesses of market vendors into competitive advantages that current and potential consumers/buyers would recognize and appreciate.

Table 8. BDS Intervention vis-à-vis BDS market constraints

| POTENTIAL BDS | BDS MARKET CONSTRAINTS | EXISTING BDS PROVIDERS | INTERVENTION | | | SYNERGIES | |
|--|---|--------------------------|---|--|--|---|---|
| | | | CAPABILITY BUILDING ON EXISTING BDS PROVIDERS (1) | DEVELOPING SUPPLY OF BDS PRODUCTS (2) | LINKING THE DEMAND AND SUPPLY OF BDS (3) | | |
| SET-UP OF COLLECTIVE ENTERPRISES FOR PROCESSING AND TRADE | | | | | <ul style="list-style-type: none"> Establishment of the BDS network Awareness and information campaigns | | |
| OD | <ul style="list-style-type: none"> The government and the Donors subsidize most of the BDS Most of the BDS are provided by the same actors BDS not oriented to needs of target groups | Govt. NGOs Private | 4 6 1 5 | <ul style="list-style-type: none"> Improve the existing BDS into an enterprise orientation Introduce improved OD to existing providers | <ul style="list-style-type: none"> Increase the capacity and the number of providers Hands-on training for new consultants trained with pilot target groups and/or their respective groups | <ul style="list-style-type: none"> Link the pilot target groups to OD consultants trained Directory of OD consultants for dissemination to various groups | <ul style="list-style-type: none"> To promote improved OD to other programs (ARC, GEM, DTI, CIDA, etc.) To exchange experiences with other actors |
| Bulk buying and marketing services | <ul style="list-style-type: none"> BDS offered are dependent on grants Lack of knowledge of the existing BDS providers Beneficiaries are not aware about the benefits of marketing services and info | Govt. NGOs | | | | <ul style="list-style-type: none"> Link beneficiaries to the input suppliers Facilitate the meeting of common producers groups to promote bulk purchases of inputs Disseminate results of assessment and studies among the players | <ul style="list-style-type: none"> To look into bulk buying and marketing facilities offered by related programs |
| <ul style="list-style-type: none"> Subcontracting, Big Brother system | <ul style="list-style-type: none"> Lack of entrepreneurial skills of providers Programs are not oriented to the consumer demand Less interest of SME | Govt NGOs Mult co | 2 | <ul style="list-style-type: none"> To assist government in promoting the best practices Advocacy (directed to government) for incentives to SMEs willing to participate in | <ul style="list-style-type: none"> To develop capability of established producers to manage subcontracting systems To support the development of | <ul style="list-style-type: none"> Promote linkage between suppliers and small/medium producers | <ul style="list-style-type: none"> Sharing resources with other actors and programs Connecting target groups with the involved |

| POTENTIAL BDS | BDS MARKET CONSTRAINTS | EXISTING BDS PROVIDERS | | INTERVENTION | | | SYNERGIES |
|--|--|---|---|---|---|--|---|
| | | | | CAPABILITY BUILDING ON EXISTING BDS PROVIDERS (1) | DEVELOPING SUPPLY OF BDS PRODUCTS (2) | LINKING THE DEMAND AND SUPPLY OF BDS (3) | |
| | <p>to support and transfer knowledge to the potential suppliers</p> <ul style="list-style-type: none"> • Only big companies (e.g., DOLE and Del Monte) recognize benefits of this BDS • Lack of knowledge in the BDS market | | | subcontracting scheme | material and training process for the new suppliers | | <p>government</p> <ul style="list-style-type: none"> • Groups developed by other actors will be given priority |
| <ul style="list-style-type: none"> • Product development • Quality and productivity • Production Techniques | <ul style="list-style-type: none"> • BDS are focused on the design aspects only • Existing BDS are not aligned with demand • Not enough supply of BDS • Existing supply is oriented to the medium and big companies • Low level of quality and standards of the small companies • Few selected areas available | <ul style="list-style-type: none"> • GovtT • Acade me | 2 | | <ul style="list-style-type: none"> • To develop capability of producers and new BDS providers to deliver and transfer the know-how to the suppliers • To support the development of material and training process for the new suppliers • To support the development of the required standards | <ul style="list-style-type: none"> • To link SME with market specialist • Develop Directory of product development BDS providers for dissemination to other existing enterprises • To facilitate the access to equipment for processing | <ul style="list-style-type: none"> • Exchange info with other actors • Facilitation of the contacts and related info on quality and productivity standards • Resources sharing |
| <ul style="list-style-type: none"> • Branding and labeling | <ul style="list-style-type: none"> • Lack of awareness of its potential • High dependence in the multinational brands • Lack of providers | | | | <ul style="list-style-type: none"> • Research of the potential concepts • Develop the training processes for the potential BDS providers | | <ul style="list-style-type: none"> • To link with the local governments for recognition • Facilitate the promotion with |

| POTENTIAL BDS | BDS MARKET CONSTRAINTS | EXISTING BDS PROVIDERS | | INTERVENTION | | | SYNERGIES |
|--|---|---|--|---|---|--|--------------|
| | | | | CAPABILITY BUILDING ON EXISTING BDS PROVIDERS (1) | DEVELOPING SUPPLY OF BDS PRODUCTS (2) | LINKING THE DEMAND AND SUPPLY OF BDS (3) | |
| | | | | | <ul style="list-style-type: none"> Design and implement a pilot program | | other actors |
| <ul style="list-style-type: none"> GMP-HACCP implementation plans | <ul style="list-style-type: none"> BDS available are only for training Lack of knowledge of the high importance of it Low control of the standards Dole and Del Monte require these standards | <ul style="list-style-type: none"> GOV'T Academe Multi-national | <ul style="list-style-type: none"> To facilitate the adaptation of the existing modules for the SME and the new suppliers | <ul style="list-style-type: none"> To design and implement a pilot program To support the training and transfer of knowledge to the SME and other BDS providers | <ul style="list-style-type: none"> To promote results and benefits of pilot program | <ul style="list-style-type: none"> To link with DOS and DTI | |
| <ul style="list-style-type: none"> Marketing BDS | <ul style="list-style-type: none"> Most of the BDS are just training modules Lack of specialization Lack of knowledge of consumer demand | <ul style="list-style-type: none"> GOV'T NGOs Academe Private | <ul style="list-style-type: none"> Build new specialization among the existing BDS providers | | <ul style="list-style-type: none"> Disseminate the existing assessment and studies among the players To facilitate the connection between all of the BDS and actors supported | <ul style="list-style-type: none"> Exchanges experiences and info among the players involved | |
| MARKET PLACE DEVELOPMENT/PRODUCT AND MARKETPLACE DIFFERENTIATION | | | | | | | |
| <ul style="list-style-type: none"> Market place label Market place structure Cleanliness and waste management Eco-Social labeling Product development | <ul style="list-style-type: none"> Lack of knowledge | | | <ul style="list-style-type: none"> To support the development of the Eco-quality concept for the markets and the BDS To support the development of the label and its implementation To enhance the capability of the existing market | <ul style="list-style-type: none"> To contribute to the promotion and dissemination of the label | <ul style="list-style-type: none"> To link with the local governments for recognition Facilitate promotion with other actors | |

| POTENTIAL BDS | BDS MARKET CONSTRAINTS | EXISTING BDS PROVIDERS | | INTERVENTION | | | SYNERGIES |
|---|---------------------------|------------------------------|--|---|---|--|-----------|
| | | | | CAPABILITY BUILDING ON EXISTING BDS PROVIDERS (1) | DEVELOPING SUPPLY OF BDS PRODUCTS (2) | LINKING THE DEMAND AND SUPPLY OF BDS (3) | |
| <ul style="list-style-type: none"> Marketing and practices | | | | | existing market operators to provide BDS | | |

B. Players and their Roles

The table below presents the potential players for the pilot development and implementation of BDS Product Development: Set-up and/or expansion to commercial scale fruit processing production (1st batch) in Davao. Business planning has been started with Digos collective enterprises and SMEs. Payments for services in Digos pilots involve a combination of product mark-ups and direct fees (for common service facilities). Preliminary discussions were made with academe and Food Technology Center in Mindanao. Further discussions on potential tie-ups with marketing arms have to be conducted to further define financial sustainability schemes and modes of payments.

| PLAYER | PROFILE | ROLE | SUPPORT SCHEME |
|-------------------------------------|--|--|--|
| SUBCONTRACTING (DAVAO-DIGOS) | | | |
| Kaong, Durian, and Mango | | | |
| Collective enterprise | CE 1. 48 farmers currently semi processing low quality-volume Kaong. Present monthly income per family is P 1820. Initial projection is that income can be increased by 100%. Nipa hut for production area is available. High potential volume of Kaong planted. Committed Leader and members. | <ul style="list-style-type: none"> • Owners/shareholders of the collective enterprise • Semi processed Kaong suppliers • Common service facilities provider | <ul style="list-style-type: none"> • OD support • Business plan support • Production cum training modules development and transfer • Management system for common service facilities |
| | CE 2. 30 women interested in setting up their collective food processing enterprise. Low level of OD. Low and unstable income generation | <ul style="list-style-type: none"> • Owners/shareholders of the collective enterprise • Processed products suppliers | |
| | CE 3. 52 farmers organized. High potential volume of mango planted. Committed Leader and members. 30% of fresh mango production: rejects or spoiled/wasted (especially during peak season). | <ul style="list-style-type: none"> • Owners/shareholders of the collective enterprise • Mango puree and juice processed suppliers | |

| PLAYER | PROFILE | ROLE | SUPPORT SCHEME |
|----------------|--|---|--|
| SME contractor | SME 1. More than 20 successful years in operation. Well recognized by the community and the govt. Committed and with good sense of social responsibility. Good market position and networking. | <ul style="list-style-type: none"> • Link between poor people and the mainstream • Buyer of the semi processed Kaong under contract • Marketing arm of the system • Development of the training modules • Technical trainer • Quality standards advisor • Common service facilities provider • Packaging provider • Working capital provider | <ul style="list-style-type: none"> • Trade fairs exposure • GMP/HACCAP training • Product food development • Development ID of the training modules and standards • Branding and labeling development support • Promotion campaign support • Production cum training modules development and transfer • Management system of common service facilities • Product quality and sanitary development |
| | SME 2. SME processor willing to join the group to increase the production. SME has its own store and distribution channels. SME can processes other available fruits. | <ul style="list-style-type: none"> • Link between poor people and the mainstream • Marketing arm of the system • Development of the training modules • Technical trainer • Common service facilities provider • Packaging provider | |

| PLAYER | PROFILE | ROLE | SUPPORT SCHEME |
|-----------------------|--|---|--|
| | SME 3. Cooperative has its own processing plant. New SME for processing mango. | <ul style="list-style-type: none"> • Link between poor people and the mainstream • Buyer of the semi processed mango under contract • Marketing arm of the system • Development of the training modules • Technical trainer • Quality standards advisor • Packaging provider • Working capital provider • Common service facilities provider | |
| OD provider | More than 5 years experience in organizing and strengthening of producer groups in the region. OD skills and tools further developed during the last 6 months. Close to target group. | <ul style="list-style-type: none"> • Business planning facilitation • Organizational Strengthening | <ul style="list-style-type: none"> • Performance based contract |
| GMP HACCP specialists | Experience in private enterprises. International standards training. | <ul style="list-style-type: none"> • Adaptation of training and implementation of GMP-HACCP to target group context in collaboration with SME producer • Mentoring and coaching of SME producers and community-based consultants | <ul style="list-style-type: none"> • Performance based contract |
| Packaging suppliers | <p>Local suppliers require cash payment and volume orders. Oftentimes, low quality packaging materials.</p> <p>One SME food processor has started re-selling of packaging materials to communities and individual micro enterprises. Main packaging materials being supplied are the</p> | <ul style="list-style-type: none"> • Bulk buyer for packaging goods and resellers to collective and small enterprises | <ul style="list-style-type: none"> • Facilitation of linkages with suppliers, specialists, and collective enterprises |

| PLAYER | PROFILE | ROLE | SUPPORT SCHEME |
|------------------------------------|--|---|--|
| | recycled bottles | | |
| Distributors/buyers | <p>Manila processors are buying local Kaong for a low price. Complains of low quality Kaong.</p> <p>Davao-based food processors distribute products within Davao.</p> <p>Distributors can potentially add Mindanao based products in their product portfolio. Currently carrying only brands from multinational and the generally bigger companies.</p> | <ul style="list-style-type: none"> • SME processor as the link between mainstream and the collective enterprises • SME as provincial consolidator marketing and promotion • Big distributors as bulk buyers and link to Metro Manila market | <ul style="list-style-type: none"> • Facilitating linkages with potential markets, specialists and buyers |
| Media | Local media open to help and promote local initiatives. | <ul style="list-style-type: none"> • Promoting the collective enterprise concept and their products | <ul style="list-style-type: none"> • Facilitating the linkage between processors and media • Support of the development of the promotional concept |
| Academe/Food Technology Center FTC | Largest University in Mindanao. Has a college of Agriculture and within is the Food Technology Center. Wide range of training courses has been provided to the farmers and coops but lacks commercial/ market orientation. FTC is accepting processing request. Has a program for a year to train new graduates in community development. Has laboratories testing facilities. | <ul style="list-style-type: none"> • Advisors and trainers of collective enterprises • Providers of production facilities • Development of the training modules • Quality standards advisor • Product development providers • Laboratory testing • Mentoring and training of young consultants | <ul style="list-style-type: none"> • Production cum training modules development and transfer • Capability build-up: Management of common service facilities • GMP/HACCAP training • Product food development • Development ID of the training modules and standards • Product quality and sanitary development support • Young consultants: performance based contract |
| City Council, Digos | Interested to develop local brand (province wide). Active now in promoting SMEs development. Open to sharing their services and infrastructure. | <ul style="list-style-type: none"> • Advocacy in law and set-up companies requirements • Incentives for the SMEs • Support in promotion of the brand | <ul style="list-style-type: none"> • Support and orient the promotion campaign |

| PLAYER | PROFILE | ROLE | SUPPORT SCHEME |
|--|--|---|---|
| Govt agencies DTI, DOS, DA, BFAD | BDS providers with limited experiences and skills. Several programs under their control. | <ul style="list-style-type: none"> • Promotion of the SMEs/farmers • Provide BDS based on the SMEs/farmers needs • Provide incentives and policies | <ul style="list-style-type: none"> • Skills upgrading and training support • Advocacy in SMEs promotion and development |