

ANNEX: KEY ACTORS IN THE BDS MARKET

Market Facilitation Objective and Strategy: Small processors of vegetable and fruit products in Southern and Northern Mindanao enter higher value markets thru linkages with established processors/distributors and range of services that will enable them to meet market requirements. Emphasis is on finding key product/market differentiation factors that can be developed via BDS, which the collective enterprises can sustain as a marketing proposal. The program harnesses the strengths of both 'traditional providers' (consultants) and the 'non-traditional providers (enterprise-based providers or the different players in the chain) to provide services to micro enterprises, primarily as part of business transactions. Promoting collective efforts further facilitates accessibility to BDS and penetration of mainstream markets.

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Growers/ Household Processors/ Enterprise groups	<p>Target groups who have the potentials that can be developed by the program</p> <p>Improved capabilities and capacities of this group will help build the region's fruit processing production base.</p> <p>Determine quality of end product</p> <p>Incubators of new small enterprises especially in an area where there are only a few small and medium enterprises</p> <p>Disadvantaged in terms of skills and income</p>	<p>Some of the offers made by the program and the providers:</p> <p><i>You can profit more if you pool your resources and production capabilities together. Program will support the transformation of your group into a "small company".</i></p> <p><i>We will facilitate the 'bueno mano' marketing agreement that will have specific provisions on the delivery of BDS that will enable you to comply with the required standards, upgrade your skills, etc ...The BDS entails costs and these will be recovered from the mark-up that the buyer will be making on your product.</i></p> <p><i>Buyers are willing to pay a peso more per kilo of good quality products. To take advantage of this opportunity, you have to upgrade your skills and know the proper way of doing things.</i></p> <p><i>Our investment is in reducing the risks involved in the transactions by making sure that services you are getting are aligned with market conditions and realities.</i></p> <p><i>No need to carry water, work in makeshift kitchen and use improvised tools. Use of the common</i></p>	<p>40% of them said:</p> <p><i>Innocence and desperation ... Do strawberry plants take a rest? For five years now, we had poor harvest ... Will this BDS get us out of this problem?</i></p> <p><i>When will we start? Can we start tomorrow? We brought our notebook and pens. Do you already have the solution to our problems?</i></p> <p><i>Skeptical ... We don't need training. I have been doing this for so long and we are satisfied with the way things are. What we need is cash.</i></p> <p><i>No germs in the forest. It is only in the city where you need GMP. What is GMP actually?</i></p> <p><i>Why will big companies want to work with us? Will they not just take advantage of us?</i></p> <p>60% of them told us:</p> <p><i>Enthusiastic ... Let us start the training if you can guarantee that I'll earn more.</i></p> <p><i>Fantastic to finally be able to work in a 'plant'. This is my first time to be able to work in the plant.</i></p>

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		<i>service facilities is affordable and you can pay either in cash or with raw materials ... and the more you use it, the higher will be the dividends at the end of the year.</i>	<i>I want to learn how to produce better quality products. But can we afford the investment required?</i> <i>I will post the certificate in my wall. This will be my first time to receive one.</i> <i>This is good for us and for our province. It will be good if we can be known for good quality products at affordable prices.</i>
Middlemen/ Barangay traders or consolidators	Provide significant "legislative, executive, and judicial governance" within the chain at the community level <ul style="list-style-type: none"> Formal and informal trainers/mentors to household processors Set the rules in the community that govern participation in the value chain First line quality control: monitoring of performance and compliance to quality standards 	<i>You are doing a great service to the community. And we are sure that it would make you very happy if you can better assist your neighbors and, at the same time, improve your profits.</i> <i>We will provide you the opportunity to acquire the knowledge, processes, and standards that big companies are applying. For you to be able to profit from these acquired knowledge, you have to pass this on to your "suppliers" and be one of the 'community-based consultants or trainers' of your community processing plant and training center. If your neighbors are able to produce good quality products, then you will have less headaches on rejects and also can sell to bigger companies.</i> <i>You, SDCAsia, and the cooperatives will develop a system on how your time and efforts can be fairly compensated. Your neighbors will certainly appreciate you more if you are able to teach them better ways of doing things.</i>	<i>Skeptical ... What more do we have to learn? We have been doing this for so long.</i> <i>It is a waste of time to learn and to teach.</i> <i>Big companies will never share their trade secret.</i> <i>Excited ... Yes, I need to be updated on new processes and upgrade my knowledge.</i> <i>If we acquire the knowledge and skills that you are telling us, can we already export?</i> <i>Will the "puti" be there to support us especially when we conduct our first training? He understands us and has good suggestions.</i> <i>Hesitant... I am afraid to talk in front of a large group of people.</i> <i>Will we get paid when we conduct the training?</i>
SMEs/ Established Processors	Exercise the "governance" at the barangay traders/ middlemen/collective enterprise levels	<i>You can broaden your production base by outsourcing rather than in-house expansion to reduce overhead costs. You can improve/diversify your products and increase profit margins if you invest in developing your suppliers. The benefits of</i>	<i>Positive ... Yes, we want to work with you. This will help us in our expansion and improve our productivity.</i> <i>Reaction after first trial order ... or when "quality" of products produced by pilot community group started to</i>

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	<p>Set product standards and collaborate with SDCAsia in the transfer of skills and standards to the community based trainors.</p> <p>Coordinates/enforces the conformance to set parameters at the middlemen level</p>	<p><i>supporting your suppliers will go back to you tenfold. This will also make you known as a socially responsible company. The program will share in your risks in working with community-based enterprises and in the development of your "agents" by providing you technical assistance to upgrade your capabilities, support in your marketing and promotional campaigns for community enterprises' products, and in installing systems to reduce potential risks.</i></p> <p><i>Instead of just getting the raw materials, you can have these semi-processed at the barangays. This will mean tremendous savings for you. But, so as not to compromise your quality standards, you have to invest in training the suppliers, facilitate their access to good quality equipment and inputs (from seeds to sugar to packaging materials, etc). We will co-invest in the installation of the systems, in training the key agents and provision of training materials, and further development of processes.</i></p>	<p>spread ... <i>They have the best quality. Maybe, the system really works. Can we implement the system in another area where the raw materials are abundant but their processing is really bad? How much will it cost?</i></p> <p><i>Can you teach the other village and replicate the system? (Buyer approaches the project team, agents or community-based trainors.)</i></p> <p><i>I have the seedlings of the good variety. We can start a nursery. I will ask my technical people to assist you. But I should be the priority buyer.</i></p> <p>Negative ... <i>No, we cannot share our trade secret. After these agents or communities learn, they will sell the products to my competitors.</i></p> <p><i>We are not interested to work with communities. The produce low quality products and are hardheaded. They are unreliable sources of raw materials.</i></p>
BDS Providers	<p>Cooperatives: Operation and management of common service cum training facilities</p> <p>Advocacy/Organization and coordination of training activities</p>	<p><i>Your livelihood initiatives are good but you can never produce quality and competitive products if you continue working in the "waiting shed" nor can you produce the required volume. If you are willing to invest, we will assist you in installing systems and in the promotion and operationalization of your common service cum training facilities. If your business runs well, you will get the recognition and it will be easy to recruit new members.</i></p>	<p>Fears and hesitation ... <i>Can we afford this? How do we pay back your assistance? Why do you want to help us?</i></p> <p><i>Will we have buyers? Are you sure that the big companies will buy from us? They are rich and we are poor. We have not finished even the elementary so how can we even start "thinking big".</i></p> <p>Negative ... <i>this is additional work. The members will not use the facilities.</i></p> <p>Excited ... <i>I can donate my piece of land. All the members can contribute to the construction of the "building". We have visited the Del Monte plant. Do you think we can have a "nipa hut" version of this?</i></p>

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	<p>Food technologists: Have the knowledge base in food processing</p> <p>Other Providers: Facilitate access to financing and delivery of other services (facilitation of business registration/ permits to operate, packaging, etc.)</p>	<p><i>We will provide you the opportunity to practice your profession outside the academe. This will be an opportunity for you to sell your services to micro and small enterprises, which can potentially be a big market for you. This may provide you alternatives other than being a teacher or an employee in multinational companies. We will promote your services and upgrade your skills.</i></p> <p><i>We will support you in the development of your services and in upgrading your skills/knowledge. We will also link you with potential clients and assist you in the promotion of your services.</i></p>	<p><i>Mang Karding is the only who has work in a plant here before. He can guide us in the set-up. We have also seen photos of a plant in the calendar. Our association has the building. We can set aside proceeds from our harvest this October. This will be the first in our area. I cannot wait to see the reaction of the other villages. "Puti" here says that we have to make the business plan. When do we start? But, we have no experience in making a business plan ...</i></p> <p><i>We are busy with our schedules</i></p> <p><i>Who will pay for our services? Enterprises will not pay for our services</i></p> <p><i>This is a good break from academe work.</i></p> <p><i>It will be better to work with the new graduates and to expose them to community work.</i></p> <p><i>Yes, there is an opportunity here. Let us give it a try. This is real life.</i></p> <p><i>We have never look at things from a business perspective. But, maybe, you are right. These kind of things have always been "social work".</i></p>
Distributors/ supermarkets	<p>They have the market information</p> <p>Play the critical governing role in the chain and provide the market specifications</p> <p>Established distribution channels</p>	<p><i>You will have more and better quality products to carry. But you also have to share and transfer your knowledge to your suppliers in order that you will be both working within the same set of parameters.</i></p> <p><i>We will support promotional campaign for products sourced from the communities.</i></p> <p><i>Supporting communities will help improve your image and stature in the business world.</i></p>	<p><i>Can they meet volume requirements?</i></p> <p><i>Our business is not for social purposes, we have to earn money</i></p> <p><i>Community products are not good and the communities themselves are hardheaded</i></p> <p><i>Okay, we will work with you as long they met the standards and prices. But this is strictly business and no exceptions. At the end of the end of the day, we have</i></p>

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	<p>They can bring the product of the community to the market</p> <p>Provide relevant value adding activities – promotion, packaging, after sales support, etc.</p>		<i>to earn profit</i>
Government/ LGUs	<p>Governance and regulatory framework</p> <p>Access to infrastructure services such as roads and potable water</p>	<p><i>The program will reinforce your economic development activities. We will be able to link you to a network of BDS providers, which will give you a ready pool of experts to support you in your livelihood activities. This will also provide you an opportunity to be closely connected with the various enterprise groups in your area. In short, the program can contribute to your efficient, effective, and optimal use of resources. We will work together in ensuring that the enterprise development initiatives will have tangible impact in the communities. Your constituents will appreciate you.</i></p>	<p><i>How much money is involved?</i></p> <p><i>Will you give us a new building?</i></p> <p><i>What is our counterpart?</i></p> <p><i>We will think about it</i></p> <p><i>Yes, I will build the farm to market roads</i></p> <p><i>Yes, this good. People will have better income I will instruct my enterprise development officer to work closely with you</i></p>