MAKING MARKETS WORK FOR SMALL FARMERS

Understanding Marketing & Marketing Intermediation

First Regional Forum Workshop
June 8-10, 2008 | Hanoi, Vietnam

Workshop Documentation

Contents

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First Regional Forum Workshop

8 -10 June 2008 • Tay Ho Hotel, Hanoi, Vietnam

Executive Summary

From June 8 – 10, 2008, women and men leaders from small farmers' organization and cooperatives, together with partner NGOs/agri-agencies, gathered to participate in the first regional forum workshop of the *Linking Small Farmers to Markets (LSFM)* initiative, a project designed to respond to agricultural marketing issues through the formation of marketing intermediation mechanisms that will increase the benefit of small farmers engaging in the market that is being piloted in the Philippines, Cambodia and Vietnam. Entitled "Making Markets Work for Small Farmers: Understanding Marketing and Market Intermediation", the workshop was designed to enhance the knowledge and skills (through experts' inputs and sharing of actual experiences) of the participants in developing, implementing, advocating and supporting initiatives that would link small farmers to markets.

The first two sessions focused on key inputs to give an update of the current market situation in Asia and how global trends and increased competition is changing the way markets behave, and subsequently how market participants (such as small farmers) should respond. In positioning the small farmer as a participant the market, it was then important to level off on agricultural chains (what they are and how they work) and the significance of conducting a value chain analysis. Resource persons from LSFM pilot sites then shared their experiences in conducting such an analysis for free range chicken (Cambodia) and calamansi[1] (Philippines), while Vietnam shared the results of their initial market study. A portion of the workshop was also dedicated to the formal launching of the LSFM project, which gave the project implementers a chance to thank their sponsors and partners, as well as showcase agricultural products from the three (3) pilot sites in a mini-exhibit.

The next set of sessions tackled marketing concepts, strategies and intermediation models. After a leveling off on definition of terms and concepts, case presentations from the Philippines, Korea and Vietnam were shared and discussed as concrete examples of marketing intermediation models. Each case focused on how the model works, some remaining issues and challenges, lessons learned and recommendations/plans for moving forward. As a way of synthesizing these experiences and also to enhance awareness on other models that have been applied, a presentation on emerging marketing intermediation models (their characteristics, benefits, and limitations and constraints) was also made.

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[1] Calamansi is an evergreen tree of the genus *citrus* of the family *Rutaceae.* Its fruit is rich in phosphorous, calcium, iron and Vitamin C. It is the most popular and most commonly used citrus fruit in the Philippines. Its juice is nutritious and traditionally made into a fruit drink. Regular intake of calamansi juice prevents respiratory diseases, helps develop bones and stimulate growth among growing children. It is endemic in the Philippines and widely grown in some regions in the country.

As part of the following session on policy environment and support for marketing intermediation models, the participants discussed some opportunities available to farmers and farmer organizations that could be tapped for strengthening their linkage to the markets. This was done together with representatives from the ASEAN Foundation and the Food and Agriculture Organization or FAO and was followed by a workshop on defining effective marketing models or strategies and the policy support they require.

Each workshop group (first by country, then by sub-regional groupings), was asked to answer and discuss the following questions:

1) Based on the experiences/cases/ models shared, what **marketing model/strategy** do you think can be adapted or modified given your groups capacity and market situation? *(Describe the model/strategy)*

2) What **concrete actions** do you intend to undertake to adopt or implement the model or strategy? Identify other stakeholders you need to engage?

3) What policy do we need to advocate towards favorable **agri-marketing policy** supportive of small-scale farmers? Identify what agency we need to push the said advocacy?

The results of the workshop are summarized in the table on the following page.

On the third and last day of the workshop, the participants conducted a field visit to the Province of Thai Nguyen where they got a chance to meet with the Thai Nguyen Farmer's Union and engage farmers on-site in their green tea farms. While the farmers' capacities in producing safe and organic green tea have been enhanced by new knowledge and technology, there are still concerns regarding quality and price setting. This is because the lack of packaging and marketing has made it difficult for consumers to distinguish the safe and organic green tea from regular green tea. The group also visited Phuc Thanh Quyet, an AsiaDHRRA project site from 2001-2005. The village leader shared the positive benefits (such as increased income, better housing, etc) their community has experienced as a result of the project.

From the participant's feedback, it seems that the workshop achieved its objectives and was able to meet most of the group's expectation. Many felt that they learned many things and could use the workshop materials in their own work/training sessions. Some also thought that more time should have been allotted to the discussion of the business models, as well as more concrete implementation steps in the future. There were also some recommendations on other topics that could be covered by succeeding workshops, e.g. micro-credit.

Consolidated Workshop Results

Marketing Intermediation Model/Strategy	Concrete Actions	Policy and Advocacy
1. **Traditional model**, i.e. farmers' associations/ farmers' cooperatives characterized by joint purchasing of inputs, among others. As these associations/cooperatives become bigger (in terms of production), they start establishing their own supermarkets and other mechanisms to sell their products. 2. **Market Facilitation Model** (two-sided platform), providing market facilitation and other services for a fee or commission. 3. **Internet platform**. Individual farmers or small groups of farmers, where the Internet is used as a market platform to coordinate purchases and door-to-door delivery of goods. 4. Consideration shall also be given to **supply contracting** (contract farming) as long as contracts provide more benefits to small farmers.	1. Facilitate the formation of small farmer associations, groups or cooperatives that are product-specific. 2. Establish linkages and partnerships with the private business sector for possible working partnerships in market intermediation initiatives. 3. Provision of technical support to improve small farmers groups' or associations' productive capacity so they can produce competitive quality products. 4. Conduct market studies to improve market knowledge of small farmer groups/ associations. 5. Conduct further trainings on marketing and market intermediation for farmers and NGOs. 6. Mobilize the participation and involvement of the business sector, government and academe. 7. Launch national level campaigns to heighten awareness of consumers (youth, women, employees and labor union) to facilitate direct purchases from small farmer groups and associations.	1. On land policies and security of land tenure of small farmers. 2. On improvements of information dissemination particularly on agricultural production, processing, packaging technologies; commodity markets; demand and supply situation; periodic price advisories; weather; etc. 3. Improvements on agricultural financing for small farmers groups and associations. 4. Policies and programs to address the current food and rice crisis. 5. Policies to support organic/sustainable agriculture.

Workshop Background and Rationale

AsiaDHRRA is a regional partnership of eleven (11) social development networks and organizations in ten (10) Asian nations that envisions Asian rural communities that are just, free, prosperous, living in peace and working in solidarity towards self-reliance.

With support from the ASEAN Foundation, AsiaDHRRA has entered into partnership with the Center for Study for the Development of Agriculture in Cambodia (CEDAC), the Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRA) and the Viet Nam Farmers Union (VNFU) to implement a project called *Linking Small Farmers to Market (LSFM)* in three (3) pilot countries in Southeast Asia, namely: Cambodia, Philippines and Vietnam.

The project will engage non-government organizations (NGOs) working with small farmers to build their capacities in engaging with markets and becoming more competitive yet responsible stewards of the nature's productive endowments. It is envisioned that project will be able to show that small farmers, given a favorable policy environment and supported by mechanisms that would link them to the markets, will be able to comply with market requirements, benefit from higher prices of their agricultural produce and become more competitive in the market.

This forum cum training workshop is the first in a series of three (3) programmatic workshops at the regional level. In the three (3) pilot countries, at least five (5) training workshops tailored to the realities of each country will also be held in the next two years.

In general, the training workshop aims to enhance the knowledge and skills of participants in marketing and market intermediation to enable them to become developers, implementers, advocates and supporters of initiatives that would link small farmers to markets.

(See Annex A for Design and Program of Activities)

Around eighty (80) participants attended the workshop, coming mainly from the LSFM pilot country anchors; the member DHRRAs; other regional rural development civil society organizations (CSOs) and farmer organizations (FOs) that AsiaDHRRA works with; CSOs in Vietnam with marketing initiatives; international networks, agencies and donors; government and inter-governmental bodies; and the private sector. Serving as secretariat for the activity were AsiaDHRRA and VFNU staff members, as well as an external facilitator and a documentor.

(See Annex B for Directory of Participants)

Opening Program and Introduction

Welcome and Opening Messages

Mr. Le Hoang Minh, VNFU First Vice Chairperson officially welcomed the participants, saying what a great honor it was for VNFU and VietDHRRA to co-host this activity. He recognized how, in the face of growing competition, small farmers are suffering from income losses because of their lack of knowledge and experience in engaging the markets. Vietnam, who recently joined the World Trade Organization (WTO), now has access to global markets but it is unable to maximize this opportunity because the technical capacities of its farmers, as well as the scale and quality of production, are still below. That is why this forum/training is timely: it is a good chance for participants from over ten (1) Asian countries to share and exchange precious experiences in accessing the markets, as well as foster cooperation towards shared concerns. Through events like this, relationships will be strengthened and developed constantly.

VietDHRRA Chairperson Dr. Bui Quang Toan also extended his warm welcome to the participants. He mentioned that VNFU is responsible for organizing farmers and providing them with the necessary knowledge for them to be able to transform the country's economic development. VietDHRRA welcomes this project and we commit to participate within our capacity so that we will be able to help the farmers deal with the difficulties in the market economy. He wished everyone a successful forum/workshop.

Datuk Marimuthu Nadason, AsiaDHRRA Chairperson reiterated the timeliness of this activity and the importance of linking small farmers to markets in his opening remarks. He thanked the participants and sponsors for their commitment and support and hoped that our collective efforts would trigger a chain reaction, where we may initially start "small" but then become enabled to undertake bigger initiatives.

Keynote Message
Dr. Filemon Uriarte, Jr., Executive Director, ASEAN Foundation

After communicating how happy he was to be back in Hanoi, Dr. Uriarte began with an introduction of ASEAN and the ASEAN Foundation. Asia as a region and ASEAN as an association is very diverse and currently composed of 10 member countries. ASEAN is targeting to have its own constitution by November 2008 and establish an ASEAN community among members by 2015. Established by the ASEAN in 1997, the ASEAN Foundation is pursuing two objectives: 1) to promote greater awareness of ASEAN, thus creating an ASEAN identity (e.g. Filipinos, Singaporeans, etc will think of themselves as Asians) and 2) to contribute to the evolution of a development cooperation strategy (academic, cultural, economic, social and other relevant government institutions and bona fide NGOs of ASEAN member countries can all avail of ASEAN Foundation funding).

The ASEAN Foundation has partnered with AsiaDHRRA because it believes that in order for the region to attain its vision of a caring ASEAN community, farmers need to be given a means to participate in the shaping of the future of the region (this should not be left to industrialists). The agricultural sector is important for success of economy; in fact, it is the first thing that needs to be addressed in order for a country to attain development. This is also important to alleviate rural poverty in the ASEAN region. Thus, farmer organizations and farmer workers will remain important for ASEAN to achieve its two objectives.

(See Annex C for PowerPoint Presentation on the Keynote Message)

AsiaDHRRA Secretary General Marlene Ramirez thanked the speakers for their encouraging messages and proceeded to provide an overview of the next three (3) days. In order to meet its objective of enhancing the participants' skills, knowledge and competence in marketing and market intermediation, the forum/workshop shall tackle 3 areas or processes in the first two days as follows:

Process 1, which is about understanding the agricultural market situation or context in Asia, shall be achieved through Sessions 1A and 1B

Process 2, which will tackle key concepts in marketing, supply, demand, value chain, value adding, marketing strategy and planning, will be addressed by Sessions 2, 3, 4 and the case presentations on marketing intermediation initiatives of the Philippines, Korea and Cambodia

Process 3, which will discuss the policy environment and support for marketing intermediation initiatives, will be the focus of Session 4 and a workshop on defining effective marketing intermediation models and the policy support required

Finally, a field visit on Day 3 shall help participants anchor their learnings, as well as promote solidarity among each other and with small Vietnamese farmers.

She also noted that the 7th AsiaDHRRA General Assembly would be held on Day 4, involving only the DHRRA members.

With the workshop preliminaries completed, the participants were introduced to Mr. Jerry (Jing) Pacturan, Executive Director of the Philippines Development Assistance Program or PDAP, who would be facilitating the workshop. Administrative and logistical concerns were also announced, and to guide the participants in the ensuing open forums that would follow each session or presentation, the following reminders were shared and agreed upon:

- Allow the speaker to finish his/her talk before raising questions
- If the speaker is talking too fast, please raise your hand
- Be clear and concise with your question
- You may speak in your dialect and a translator will translate in English
- A follow-up question is allowed
- Small papers will be distributed if you want to write your question (write your name and country). Please give these to the Secretariat
- A parking area (board) will be placed at the back for unclear or confusing ideas or issues that you want to be noted and be discussed later

Current Context of the Market Situation in Asia

Session 1A: The Market Situation and the Challenges for Small Farmers: Agri-business and Competitive Agro-Industries

Presentation by Mr. David Hitchcock, Agribusiness and Infrastructure Officer, FAO Regional Office for Asia and the Pacific

Mr. Hitchcock's presentation focused on the macro-side or larger picture of agribusiness, which is an important aspect to understand about agriculture. There are real differences between small holders (small farmers) and the agri-businessmen and recent sector trends and impacts have made farmers very vulnerable. In general, the private sector continues to play an important role and more and more farmers are being disenfranchised. The market has also changed significantly since the 1970s such that while there are now more opportunities (e.g. bigger profits) for small farmers, there are also more risks. Other movements in agri-food systems include globalization, urbanization, changing diets, more women in the economy, etc.

There are also organizational and institutional changes: before we just worried about our products, but now we need to worry about the quality, etc. The supply chain/value chain is changing and small farmers need to understand trends such as integrated and contract marketing because these are on the horizon and they will have an impact on them.

But agri-business and agro-industries are not "bad". They can also create a big industry with a lot of opportunities. However, this can disadvantage people who cannot compete so it is necessary to educate, educate and educate. Agribusiness development is also context-specific: this highlights the need to get back to basics and learn from our mistakes/bad examples so that we can contextualize our experiences and adapt them to specific situations.

There is also a need to work with/through government to influence the policy environment. It is not enough that policies are in place; we need to look deeper into the policy guidelines and understand how things are actually implemented. A good policy environment will require bringing farmers together so that they can be given a voice; public private partnerships where there are equal agreements and incentives for farmers and the private sector to work together; safeguarding people's rights; and revisiting the mandates of governments in providing information and services to farmers (governments are not very efficient at this so there is a need to harness other mechanisms)

On agro-industries and value chain programs, there is a need to look at business linkages, reduce transaction costs (in many cases, the small farmer can not compete with the transaction costs and it is the traders in between that gain the profit), and understand the supply or value chain. At the end of the day, what is important though is that farmers are not only organized, but are capacitated to do their jobs properly and more efficiently so they can produce high quality products. "You are the catalyst for small farmers. You can bring them together so they can compete. You can help build their skills and reduce their risks. You can also help them understand these risks so they can reduce these for themselves in the future."

(See Annex D for PowerPoint Presentation on Agri-business and Competitive Agro-industries)

Session 1B: Agri-Marketing in Asia: Agri-business Perspectives

Presentation by Mr. Senen Bacani, CEO, Ultrex Management & Investment Corporation (former Secretary, Department of Agriculture, GRP)

Mr. Bacani explained that while he was here to offer an agri-business perspective from the side of the private sector, he has also worked extensively with government, cooperatives and NGOs. There are a variety of issues and concerns facing agri-businesses in Asia right now. First, there are higher incomes and changing lifestyles brought about by advertising and intense competition. Production is increasing despite increasing production costs, and there is a growing concentration of agri-business enterprises due to economies of scale. Products from small producers are being standardized before they reach the consumer, an example of which is product quality improvement and industrial packaging, which is being done by supermarkets. These standards have added value to some products but in other cases, the concern has been more about improving internal management processes to enhance effectiveness in the face of global competition (e.g. getting ISO certification).

But the goal of agri-business can also be aided by government policies. It is important that the public sector produces public goods such as irrigation and farm to market roads to support small producers. Also, to encourage more participation of small farmers in the value chain, it may be necessary to stick to the competencies of the farmer. Farming itself is not easy, and transforming farmers into entrepreneurs may not be practical sometimes. This is why it is necessary to form partnerships. What is important is ensuring that every player in the value chain gets his equitable share. Whether this will entail "leveling off the playing field" somewhat or increasing the leverage of small farmers is part of the challenge.

(See Annex E for PowerPoint Presentation on Agri-business in Asia: Agri-business Perspectives)

<u>Discussion</u>

There are emerging proposals in addressing the global food crisis in relation to global trends such as increasing oil prices and climate change. Mr. Hitchcock felt that there was no need for government to implement any measures to control economic policies and that the better option would be to leave market forces to work itself out. Agricultural prices are low right now but production prices are expected to rise in the next few years. One short-term solution is to respond to the poor and disadvantaged by providing them with cheap rice. With regards to climate change, we cannot deny that this has been the result of us being reactive rather than proactive. We also realize that it is the developed countries (US, Australia, Europe) that are increasing their consumption of carbon-based fuels, but everyone is affected by climate change. In the Philippines, however, the food crisis was seen as more of a governance issue, rather than one triggered by oil prices or climate change. "Filipinos know how to be self sufficient in rice production, but there is both a lack and misuse of resources for this."

It is also important to understand the implication of all of this to small farmers: What can we do to help farmers produce more food (especially relevant for disaster-prone areas like Myanmar)? And how can small farmers benefit from increasing price trends? Right now, farmers are more net consumers rather than net producers; this makes them vulnerable to rising food prices. We can help farmers become net producers by giving them access to the markets. Before, NGOs were mainly concerned with social problems, but now many are becoming (or helping farmers become) "businessmen" because they realize that they also need to make profits. As we go forward, there is need to reflect on our vision for ourselves. Will we follow the Western Economic Model? China 2035 where all rice fields will become roads?

Understanding Marketing and Agricultural Chains (Value Chain Analysis)

Session 2: Understanding Agricultural Chains Towards Enhanced Market Access

Presentation by Dr. Nellie Manalili, Regional Adviser for Asia on Market Access, Vredeseilanden (VECO)

Much of the problems in the agricultural sector exist because we do not understand what is going on. That is why we need to understand what are agricultural chains and how these are linked to the market.

In a simple marketing system, there is the producer and the buyer. Goods are transferred from one to the other and it is through information and communication that a decision to buy/pay for a product is made. In reality, however, things are not as simple because of intermediaries in between. Products pass through these intermediaries and value is added to the chain where products take on a different form, e.g. from raw coconut to desiccated coconut or copra. The more intermediaries or participants there are in the chain, the greater chances for problems or distortions to happen. Farmers can also decide to add value (join the chain) if they determine that this will be more profitable for them. Otherwise, because of lack of the right information, they will be unable to benefit from the agricultural chain.

Another simple assumption is that producers will always have a ready market for their produce. This is often not the case and it will be important to 1) know market before you produce and 2) know your buyer and the agricultural chain they are in. Some questions that should be answered in relation to this are:

- Who are currently buying and supplying?
- Who are operating here?
- In what mode, form and at what price are they purchased?
- How is my product different or similar from others?
- What are potential entry points? (Sometimes this is learned by trial and error)

All products pass through a value chain. But now there is proliferation of professional buyers for retailers (i.e. supermarkets), which is affecting role of intermediaries and the market structure in general. In Asia, however, small markets are still popular and they co-exist with the big supermarkets (referred to as the dual face of agri-food markets). We are also finding new products in the supermarkets being offered as substitutes. These “changing rules in the games” and new standards set by other groups are creating dynamic markets where small producers are ill-equipped to compete. Even small producers who do not engage in these dynamic markets (they just deal with small, traditional markets) can be affected. This happens when suppliers that fail to meet retailer standards bring their products to the traditional market and increase the level of competition there.

In understanding agricultural chains, what is important to remember is that participants in the chain can only gain from their contribution to the chain. In joining a chain, we need to ask ourselves: Is the increase in price (what I will gain) commensurate to the value that I added? Did I make the right decision to add value or not in a given chain? The better we understand agricultural chains, the more we will be able to cut down transaction costs and enhance our position in the chain (by assuming other roles or participating in decision-making processes).

(See Annex F for PowerPoint Presentation on Understanding Agricultural Chains)

Session 3: In-Country Presentations on Value Chain Studies (LSFM Pilot Projects)

Study 1: Value Chain Analysis of Free Range Chicken (Cambodia)

Presented by Sim Kong, General Director, CEDAC Agri-based Enterprise Support Program

The value chain for free range chicken follows a typical product flow. Farmers or producers sell the chicken to middlemen, who add value by incurring transportation costs to bring the chicken to the whole sellers. The whole sellers, who do the slaughtering and processing, then pass this on to retailers such as supermarkets who in turn make the chicken available either directly to consumers or food processors (restaurants) who add even more value by preparing/cooking the chicken before this is finally bought and consumed by their clients. Through this entire process, the price of the chicken is increased from 13,000 Cambodian Riel (KHR) or US$3.29 (from the farmer) to 24,000 – 32,000 KHR or US$6.07 – 8.09 (to the consumer).

As part of the analysis, it was determined that there is a strong market demand for chicken because all classes of people eat this. Some concerns and issues in producing free range chicken that emerged are:

- Farmers do not know/count the cost of raising their chickens
- Small farmers are price-takers, not price-setters when it comes to selling chicken
- Small farmers are not getting much benefits through current market (because they are not producing enough)
- There are no market intermediation mechanisms to help small farmers
- There is no interaction between producers and consumers, though many local people support the product
- There is limited implementation of government policies and regulations on food safety and slaughterhouse management

It is being recommended for CEDAC to initiate market intermediation mechanisms for the free range chicken farmers.

(See Annex G for PowerPoint Presentation on Cambodia Free Range Chicken VCA)

Study 2: Value Chain Analysis of Calamansi (Philippines)

Presented by Mr. Jesus Vicente Garganera, National Coordinator, PhilDHRRA

A market research scanning on calamansi revealed important statistics and information for any farmer or group of farmers interested in producing and marketing. It was found that the production of calamansi in the country has been increasing, with major supplies coming from Central Philippines (although it can only be produced there 4-6 months in a year because of typhoons) and less but more consistent (all-year round) supplies coming from Southern Mindanao. A minimum of half a hectare is required to make calamansi production successful and it costs around 4 Philippine Pesos (Php) or 9 US cents to produce one kilo of calamansi. Potential returns are estimated to be about US$2000/year for one farmer.

The value chain actors are comprised of the farmer, the assembler or distributor (who brings the calamansi to the capital of Manila), the retailer (markets that make the calamansi accessible)

and the consumer. The price increase from farmer to consumer is almost 1000%!
One initial realization was that the simple repackaging from sacks to crates can already added value because it reduces the number of damaged calamansi being delivered. Fresh calamansi can also be processed into juices, syrups, powders, etc as alternative ways of consumption (as well as maximizing the plentiful harvests during seasonal months), and there is an industrial use for it as well. Therefore, another important learning was that it would be worthwhile diversity the value chain analysis to go beyond the fresh fruit. In order to do this, however, more research is required such as identifying potential industrial markets (i.e. laundry, soap and noodle industry), and analyzing the market segmentation so that farmers will know where they can make the most profit. It will also be necessary to share such findings to the farmers (through a report) and build their capacities further.

Finally, considering its rich vitamin C content (100% RDA in one fruit), it may also be beneficial to discover the health/medicinal benefits of calamansi as input into future marketing strategies.

(See Annex H for PowerPoint Presentation on Philippine Calamansi VCA)

Study 1: Market Situation in Vietnam

Presented by Mr. Nguyen Van Tam, Director, Research Department, VNFU

Vietnam is currently transitioning into a market economy. As a new member of the WTO, it is now exporting food products and has diversified some of its economic sectors. However, there are still many challenges ahead before the country can become a 100% market economy:

- Commodity quantities in the markets are still limited and poor
- Production costs are still high and competitiveness is low
- Both entrepreneurs and farmers lack knowledge about the market economy

The value chain analysis that will be done as part of the LSFM project will be on organic tea.

(See Annex I for more details on Market Situation in Vietnam)

Some Insights on the Value Chain Studies

Market Dominance. There is a need to look into the market dominance in each chain. In the case of the calamansi, there is a big industrial market that remains largely untapped, and there are huge margins to be gained from supplying this market. We also need to accept that there are markets we cannot "touch" for now because of existing contracts or financial commitments.

Transaction Costs. We need to look at transaction costs and compare these with existing ones. For example, the transaction costs for free range chicken need to be competitive compared to other alternatives such as regular chicken or other producers of organic chicken.

Organizing Farmers. We need to look into single farmers vs. organized farmers. One strategy that PhilDHRRA has been adopting in the last few years is the thematic or commodity approach to organizing farmers. By doing so, they are able to link specific farmer groups (e.g. organic rice, sugar, etc) to targeted commodity markets or niches.

Pending Questions. How do we educate the consumers? Can we develop outcome indicators to gage our success?

LSFM Project Launching

At the end of Day 1 of the workshop, the "Linking Small Farmers to Market" (LSFM) project was formally launched. This two-year project will focus on building the capacity of women and men leaders of small farmers' organization and cooperatives together with their partner NGOs/agri-agencies to respond to agricultural marketing issues confronted by small farmers and producers. It shall also undertake the formation of marketing intermediation mechanisms that will link small farmers to the market to lessen the transaction cost and increase the benefit of the small farmers in the process of engaging with the market.

Dr. Felimon Uriarte of the ASEAN Foundation and the former Vietnamese Ambassador to Indonesia graced the memorable occasion. Both congratulated the AsiaDHRRA team for having organized such a significant initiative and wished the group success in the actual implementation. Together with key representatives from AsiaDHRRA and AFA, they led the ribbon-cutting ceremony to open the mini-exhibit that was set up as part of the LSFM Launching. The exhibit showcased products from the three (3) LSFM pilot sites, the Philippines, Cambodia and Vietnam.

An inspiring video about the ASEAN and the ASEAN Foundation was also shown.

Marketing Concepts, Strategies and Intermediation Models

Session 4: Market Positioning/Marketing Strategies

Presentation by Dr. Wen-chi Huang, Associate Professor and Chair, Department of Agribusiness Management, National Pingtung University of Science and Technology

Dr. Huang shared many marketing concepts to the group as a way of leveling off on definitions that would later serve as a good foundation for understanding marketing intermediation models.

"Marketing is about making your product identifiable from others. It is not about what you can produce (your capacity) but what the market needs." There are also different types of marketing: consumer marketing (supplying branded products), industrial marketing (supplying differentiated ingredients to processors and manufacturers) and commodity marketing (supplying undifferentiated raw materials). Another related concept to understand in marketing is *quality*, or the attributes of the product (usually defined by a set of standards) that will convince consumers to buy it. It is also important to look at the quality of the "total" product, which includes the product, package, and service. In terms of tools, a marketing plan can be developed (for branded products only) to target a select market for a specific product. The key here is to "select your market and not let the market select you".

We are all aware of the importance of organizing small farmers because of economies of scale. This is also true in applying marketing strategies where organized farmers can work as a team to meet the needs of the markets/different consumers.

(See Annex J for PowerPoint Presentation on Market Positioning/Marketing Strategies)

<u>Discussion</u>

In understanding how small farmers can learn to develop and implement good marketing strategies, the question on how to shift the mindset of farmers from being producers to being "business people" was again raised. The answer to this is greater exposure. "Let them leave their farmers, and let them see and know the market. But this has to be a guided process (i.e. build in feedback mechanisms)

It was also recognized that one important factor in market positioning is product quality, which needs to be maintained and even enhanced. Some lessons learned from past experiences tell us that the ones that are involved in the business know best how to improve product quality. Second, extension systems (i.e. partnership with the academe) play an important role, especially in the early product development stages. Third, it is also good to diversify your product so that consumers will have a variety to choose from. Aside from product quality, government policies are also important. Unfortunately, sound policies that are supportive of farmers and their marketing strategies remain as gaps in many developing countries right now.

There is also a need to understand the culture and perspective of farmers. For many, farming is not just about profits but it is a way of life. This is important for NGOs and other development agencies to understand when they are designing support programs for farmers: what are the farmers' concerns, what will encourage him to stay in the program, how will we engage the youth or support young farmers who have better social connections important in marketing? We may look at existing models but sometimes it will also be necessary to create/develop our own.

Case Presentations: Marketing Intermediation Models (Philippines, Korea, Vietnam)

UMFI Experience - Linking Community-Based Enterprises with the Mainstream Markets (Phil.)

Presented by Mr. Rene Guarin, Executive Officer, Upland Marketing Foundation, Inc. (UMFI)

UMFI is a spin-off marketing program under the Upland NGO Assistance Committee (UNAC) that was launched in 1989 until it became a marketing support organization in 1999. Today, UMFI's mandate is to provide market access to Community Based Enterprises (CBEs) with support services on access to technology and finance.

UMFI has been successful in helping CBEs get access to the markets because it has the right mix of staff. While it is organized as a foundation with a board of trustees, management is composed of professionals from the industry with expertise, experience, contacts, and the right attitudes. UMFI also knows the market and so it knows what kind of product to sell.

But once CBEs are able to access the market, they require further support to stay competitive in the market. UMFI has helped CBEs survive in the market by positioning community-based products as "healthy" products (i.e. muscovado sugar labeled as healthy sugar), consolidating products in order to recover marketing and distribution costs, and by creating a common brand for sustainability. This means maintaining a shared standard of quality regardless of source or variety (i.e. organic rice). It also protects CBE market shares by erecting market barriers. Creating a strong brand, setting high standards, and getting certifications all make it difficult for new entrants to "copy" the product.

Some results to date include an 89% increase in CBE farmers' gross income, as well as recognition as the no. 1 brand for organic rice in a 2007 consumer survey. Among the lessons learned are:

Establish partnerships, trust and transparency. UMFI does not have contracts with its suppliers. It counts on the long-term standing relationships that it has with the farmers that they will deliver when they say they will. It continues to strengthen relationships, have regular meetings and provides services. UMFI is transparent about price setting and makes use of the value chain to determine the margins. Profits are directly built in the price and so the distribution of returns is direct (on a per transaction basis). "Trust is important when you start talking business".

Ensure quality and quantity. At the farmer level, there is an internal control system that looks after this. At the national level, standards are set. However, there are still some outstanding issues: 1) some products do not meet the standards and have to be returned (one strategy to address this is to require smaller deliveries for new suppliers); 2) suppliers that are growing two varieties (of rice) in one field sometimes compromise the quality of their product; 3) there is not enough supply of organic rice to meet local demands, let alone export (looking at converting regular rice fields to organic ones instead of looking for new land).

Focus on core businesses and roles. It is important to know what and when to outsource other tasks. In looking at the role of farmers (are they producers or entrepreneurs?), it is better to look at what business opportunities the farmer can get into. If farmers are in a good value chain, it may not be necessary to "convert" them to entrepreneurs.

(See Annex K for PowerPoint Presentation on UMFI Experience)

JKCA Experience - Growing Strategy and Activities in the Field (Korea)

Presented by Mr. Chang Hyo Kim, Chairperson, Jeju Kiwi Cooperative Association (JKCA)

Kiwi fruit production has a bright future in Korea. Through JKCA, kiwi farmers are organized and become stockholders of the association. JKCA buys the kiwi from their members and sell to the retailers, only charging a 1% commission. With one hectare per farmer, kiwi farming has been very profitable earning the farmer a net income of US$50,000/ha. Because of better technology and farming techniques, the quality of the kiwi fruit has also improved.

With local kiwi demand and prices increasing, there is now not enough fruit to export. JKCA would like to adopt an export strategy, part of which will entail separate production exclusively for export. This will involve tasks such as improving quality and distribution, training farmers, and pursuing new initiatives such as establishing a kiwi-packaging center and a tourist farm. However, the problem right now is that there is no clear government policy for exporting kiwi (exporters just follow regular business regulations).

As it ventures into trade-related activities, JKCA also needs to ensure that it implements measures to safeguard the market for local kiwi producers. Another area for improvement is strengthening its link to agricultural extension services.

(See Annex L for PowerPoint Presentation on JKCA Experience)

CRS Experience - Support to Agro-Enterprise Development in Nghe An Province (Vietnam)

Presented by Ms. Chu Thi Mai Anh, Agricultural & Rural Enterprise Development Project Officer, Catholic Relief Services (CRS)

The CRS has partnered with the local government of the Province of Nghe An to promote a territorial approach to agro-enterprise development. This means that the project needs to 1) be implemented through the Government administration structure; 2) improve the skills and knowledge of government staff in promoting market oriented production; 3) promote ownership and sustainability; and 4) aim for policy improvement for poverty alleviation through agro-enterprise development.

Following the 5 processes/steps for agro-enterprise development, the project has strengthened the ability of government agencies in promoting agro-enterprise development and project management. It has also contributed to more diversified agricultural products and improved the lives of target communities (through more jobs, value-added, increase incomes and reduced environmental and health issues)

It is important to note the role that the mass organization of farmers play: they are directly involved as members of the project committee and they are instrumental in helping change the mindset of farmers (i.e. in building relationships with the farmers and informing them about the benefits of collective farming). As a collective group, farmers plan together, establish their own regulations and penalties for violations, and develop contracts that specify quality, quantity, time of delivery, etc. This needs to be sustained.

The support to promote agro-enterprises needs to continue beyond the project. This can be done through transfer of knowledge to government staff and encouraging learning-by-doing. While NGOs are taking on a more forward role becoming entrepreneurs, there is a need to enable farmers to respond to the market and make their own decisions (be entrepreneurs as well).

(See Annex M for PowerPoint Presentation on CRS Experience)

Synthesis: Emerging Marketing Intermediation Models

Presentation by Mr. Florante Villas, LSFM Regional Project Coordinator, AsiaDHRRA

Mr. Villas discussed the new and classic forms for intermediation. There is the two-sided platform, which is a model for market facilitation whose success depends on the capacity of farmers to group together, and the one-sided platform, which is a business model.

He also introduced five (5) CSO models in market intermediation involving small farmers. (See summary matrix below)

Model	Key Characteristics	Limitations / Requirements / Problems / Constraints
1) Intermediation by product distribution	Distribution of products to a network of market outlets, including repacking and branding Terms of Payment: 30, 45 or 60 and even a 90 day-terms Supported by the presence of an NGO at the base/ grassroots level assisting small farmers in value adding, processing Earns revenues through profit margins on the products being distributed	Deferred payments but farmers demand payments upon delivery of products. Thus, intermediation is constrained by size of working capital Limited to non-perishable processed products, especially food products
2) Buying and selling: product consolidation by financing production	Largely exemplified by rural cooperatives Financing production is key to product consolidation & to achieve economic scales In some cases, drying, milling, sorting and grading, packaging are included Earn revenues from profit margins on financing, trading, and also from processing, sorting and grading, packaging	Default loan payments Pole-vaulting Key Requirements: 1) Very capable management personnel and set up; 2) Large working capital/ credit access; and 3) Effective monitoring system and technical agricultural services

Model	Key Characteristics	Limitations / Requirements / Problems / Constraints
3) Supply contracting	Intermediation mechanism enters into contract with a buyer Consolidate products through sub-contracting Earns revenues by defining profit margins from the contracted price or a certain percentage from the net sales	There are still a very few successful supply contracting experiences by NGOS Negative experiences were largely on the failure to deliver contracted volume, agreed product specs (quality) and prompt delivery
4) Market facilitation with organizing and agricultural extension interventions	Organizing small farmers along crop/product to ensure economy of scale (volume) Agri-extension – to achieve periodic production volume & product quality Capability building – product quality & quality management, production management, business planning, etc Small farmers are paid when the buyer remits the payment Earns revenues by a fixed percentage from the net or gross sales as service fee (depending on agreement with farmers)	Need for start-up funds to finance the formation of small farmers groups (producer associations), capacity building, agricultural extension and other technical assistance
5) Store/shop operation	Small farmers supplies goods and products to a store/shop Store/shop advertises agricultural products to consumers Earns revenues from profits of sold goods & products	Caters mostly to walk-in customers

In designing and determining the business model that will work best for a farmer given certain conditions, it is good to remember that:

- Market mediation depends on local condition and capacities; there is no single best model
- Best or sound features of one model can be combined with others
- Key factors to consider include economic, cultural, and political ones; faith systems; ownership/participation; equitable distribution; sustainability; and profitability/efficiency
- The key is to educate farmers and help them evaluate their options. The models that will work are those that farmers can relate with or are familiar with
- We should not reinvent the wheel; we should refer back to existing business models

(See Annex N for PowerPoint Presentation on Emerging Marketing Intermediation Models)

Policy Environment and Support for Market Intermediation Initiatives

Session 5: Policy Framework and Opportunities to Make Markets Work for Small Farmers

The absence of representatives from IFAD, the ASEAN Department of the Ministry of Foreign Affairs (MFA) of Vietnam and the Ministry of Agriculture and Rural Development (MARD) also of Vietnam made it difficult to pursue the session on policy environment and support for market intermediation.

In its stead, Mr. David Hitchcock and Ms. Renelle Ivy Adan were asked to present and discuss opportunities available to small farmers and their organizations that could be tapped for strengthening their linkage to the markets.

(1) ASEAN Foundation (Renelle Ivy Adan, Program Coordinator)

As a funding agency, the ASEAN Foundation can support human resource development projects (capacity development only, no infrastructure) such as those in the agricultural sector. Projects need to meet a set general criteria before they can be approved, such as that they have to be regional or sub-regional in nature (can not be country-based only, and are usually anywhere from 6 months to 3 years in duration. In terms of process, the foundation will request for 3-page concept paper to be submitted before a full proposal is developed. Because of the numerous back and forth between the foundation and the proponent, the project approval process can be quite lengthy (i.e. in the case of AsiaDHRRA with the LSFM project, the process took almost 6 months). All projects then needs to get the approval of the board of trustees, which is composed of the ambassadors of the member countries – a process that takes around two (2) weeks. Since 95% of the foundation's funding comes from Japan, projects are also sent to them for final approval once approved by the board.

The ASEAN Foundation also provides scholarships on a per university basis. Through a partnership with Hewlett Packard, they have also been able to conduct IT trainings for farmers in Indonesia and will soon do the same for Cambodia and Laos. The foundation will be visiting each member country in the next four (4) months be discuss how organizations (private companies, NGOs, etc) can link up and avail of funding.

Proposals are accepted all year round. Requirements and details of project proposal submission shall be provided to all the participants.

(See Annex O for PowerPoint Presentation on Opportunities with the ASEAN Foundation)

(2) FAO (David Hitchcock, Agribusiness & Infrastructure Officer)

The FAO funds technical cooperation projects (TCPs), which are determined by each country. It would like to be a responsive organization and it sees itself as a source of technical assistance in 1) information and analysis of both national and regional strategies; 2) enabling policies, institutions and services; and 3) supporting specific agro-industries and value chains (i.e. determining the drivers of certain value chains, looking at opportunities and innovative arrangements, etc). At this point, the FAO cannot support infrastructure projects; however it can help determine what kind of infrastructure is needed (soft process)

The FAO can also help emerging NGOs. This is especially relevant given that the role of NGOs has been changing dramatically and there are now many models in the regions that we can learn from. There are also many "failures" in the sense that farmers did not enter the markets for some reason(s), and these are just as important to study and learn from.

As a regional organization, FAO can also help give a voice to small farmers for specific policies and advocacies. For example, the group can come up with a set of recommendations that can be brought to the upcoming regional forum on trade. FAO would be willing to fund a consultant to look at specific issues and facilitate dialogues on what we can do and how we can leverage in order to come up with an action plan. The FAO would like to work more with small farmers, as well as strengthen linkages with the ASEAN Foundation and other partners.

Workshop: Defining Effective Marketing Models/Strategies and Policy Support Required

The participants were then asked to go into a workshop session (first by country, then by sub-regional groupings) to answer and discuss the following questions:

4) Based on the experiences/cases/ models shared, what **marketing model/strategy** do you think can be adapted or modified given your groups capacity and market situation? *(Describe the model/strategy)*

5) What **concrete actions** do you intend to undertake to adopt or implement the model or strategy? Identify other stakeholders you need to engage?

6) What policy do we need to advocate towards favorable **agri-marketing policy** supportive of small-scale farmers? Identify what agency we need to push the said advocacy?

Summary of Workshop Reports (by sub-regional group)

Marketing model/strategy	**Concrete actions**	**Policy and Advocacy**
Philippines, Indonesia, Malaysia		
1) Intermediation model, characterized by direct involvement, recovery of expenses through profits and merging economies (merging targets and social justice mission) 2) Facilitation model, which is commission-based and where the supplier is a "match-maker" *Cross-cutting elements:* • Focus on small farmers' initiatives • Strong bias for sustainable agriculture, whether locally or nationally driven, and even for exports	1) Upscale the district level Pasatani experience (Indonesia, Malaysia) 2) Conduct more trainings on marketing and trading (not generic trainings, but ones with a bias on sustainable agriculture) 3) Launch campaigns to promote local marketing initiatives, i.e. Pasatani model (Indonesia, Malaysia) 4) Do more research and documentation to determine existing models that can be expanded or replicated (Philippines)	1) Elevate the smart consumer campaign to the national level – this campaign is a strategy of four big groups (consumer group, national women's organization, national youth organization, and employees union) to promote a "change in lifestyle" by purchasing directly from producers (Malaysia) 2) Advocacies addressed to government (particularly the Department of Agriculture):

<table>
<tr><th>Marketing model/strategy</th><th>Concrete actions</th><th>Policy and Advocacy</th></tr>
<tr><td>• Need to initially ensure food security at the household level (Indonesia, Philippines)
• Need to link with financial institutions (e.g. agro-banks in Indonesia and Malaysia)</td><td>5) Organize farmers by commodity so they can lobby, negotiate and produce the required volumes on their own (recommendation from the Philippines)</td><td>a. Government to implement policies to address the rice crisis (there are some existing policies but no clear implementation guidelines)

b. Government is accountable for sustainable and organic agriculture (Philippines, Indonesia)</td></tr>
<tr><td colspan="3">Cambodia, Thailand, Laos</td></tr>
<tr><td>1) Currently have cooperatives and farmers organizations in all three countries

2) Business model (specifically the two-sided platform where the intermediary enables affiliated sellers to sell directly to affiliated buyers)</td><td>1) Promote the Sky Marketing strategy, where farmers group themselves into cooperatives and they collectively purchase member needs (Thailand)

2) Promote the CEDAC Agri-business shop to bring farmers' products to the city markets, whether to be processed further or directly purchased by consumers (Cambodia)</td><td>1) Form farmer associations to strengthen advocacy and negotiation with government so that they will support farmers (Cambodia, Laos)</td></tr>
<tr><td colspan="3">Japan, Korea, Taiwan</td></tr>
<tr><td colspan="3">Emerging trends/phenomena:

1) Traditional models, i.e. farmers association which government sponsored systems characterized by joint purchasing of inputs, among others. As these groups become bigger (in terms of production), they start establishing their own supermarkets and other mechanisms to sell their products

2) Small producers groups that are product-specific and engage in direct sales. This is happening with organic products, which are being promoted as part of a "healthy" new trend.

3) Individual farmer to individual consumer, where the Internet is used as a market platform to coordinate purchases and door-to-door delivery of goods</td></tr>
<tr><td colspan="3">Vietnam</td></tr>
<tr><td>1) Farmer association groups

2) Marketing strategy focused on market requirements</td><td>1) Conduct market surveys to determine market demands

2) Form groups/cooperatives and link them to consumers</td><td>1) Advocacy by farmer groups to policymakers, i.e. on land policies, on improving information dissemination</td></tr>
</table>

Feedback/Comments from the Plenary

Some reminders:

- There is room for the private sector to be engaged also. It is not the job of farmer groups alone to push for sustainable agriculture.

- While it is good to work with cooperatives and farmer group models, there is also the need to look into and enhance the quality of governance (Note: governance is not equal to government)

Challenges ahead:

- Middlemen are playing a role in connecting producers to consumers, thus they earn margins. What we are trying to do is to give part of the margins to the farmer by supplanting the middlemen (Challenge: "We have to be better/more efficient than these middlemen")

- How do we consolidate volume so we deliver quality products to the right consumers at the right time?

Other suggestions on moving forward:

- Consider the possibility of contract farming: this is an easy mechanism for small farmers, but it is important to ensure that contracts are sound

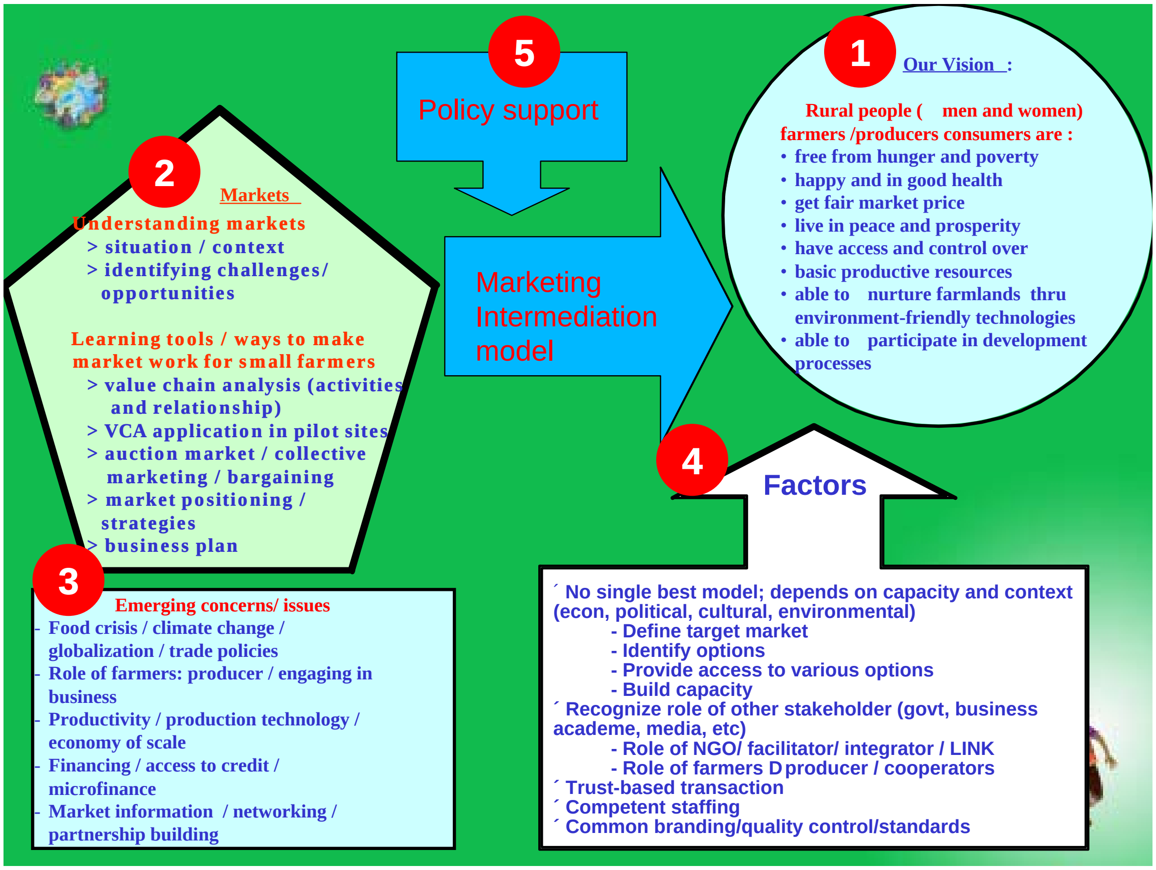
- Ensure that experiences are well-documented so that others can learn from them

- Push government to collect accurate and sound information (i.e., on commodity sales, exports, etc) and make this accessible so that farmers can make informed decisions

- Ensure that financial systems are responsive to small farmers: there must be mechanisms in place that will allow small farmers to access funds

Reflections and Synthesis (Day 1&2)

The first two days of the forum/workshop combined input from experts as well as actual experiences from practitioners to enhance the participant's understanding of marketing and marketing intermediation models in the context of improving small farmers' access to the market, and consequently improving their level of income and quality of life.



In working towards the attainment of our vision, it is important to first learn about and arrive at a common understanding of markets and how these can be made accessible to small farmers. From the new learnings and realizations emerged a number of concerns and issues that were important to surface even if the workshop would not be able to address them all.

(See Annex P for Participants' Reflections on New Learnings and Issues/Concerns)

The next step of the workshop would be an attempt to look at different marketing intermediation models and actual cases, as well as the factors to consider when determining what model might work best given a certain context revealed possible action steps and areas for advocacy and policy support. Some opportunities available to small farmers and farmer groups (in terms of funding and capacity development) were also shared and discussed.

Highlights of the Field Visit (Day 3)

On the third day of the forum/workshop, the participants visited the Province of Thai Nguyen, which was a pilot project site of an Agriterra-supported initiative to improve farmers' capacities in producing both safe (using bio-pesticides only) and organic green tea.

The first part of the visit was a meeting with the Thai Nguyen Farmers Union. After welcoming the delegates, the Chairman provided an overview of the project. A discussion on some of the remaining challenges and ideas on how to address them ensued.

Tea is a major crop of the province. Out of the 16,000 ha for tea plantations, 4,000 ha is dedicated to the special green tea. Prior to the project, the tea farmers' all had different techniques for processing and marketing their tea; hence, the quality and price of their products were also uneven. The project was initiated with the objective of improving awareness and knowledge on organic tea production in order to enhance product quality. It also set out to link the farmers to the market and help them satisfy consumers' needs. Within one year, around 300 farmers were trained on proper tea production techniques, 60 of which gained concrete experience through their direct involvement in the pilot. Also, a number of good models were set up for other farmers to study, and farmer clubs were established as venues to share tea production experiences and technologies. The empowering of women through the project (building on past projects such as one implemented by the ILO) is also commendable.

However, there are still many concerns and challenges ahead:

(1) The proportion of farmers trained is still small compared to the total number of farmers.

(2) The pilot plot of 100 sqm per family is too small, making it difficult for the farmers to apply some of the techniques they learned

(3) Because no fertilizers are used, the yield of organic green tea is lower therefore there is less tea for the farmers to sell and gain income from. This is really an important consideration for farmers who want to support "safe and clean" tea production but also cannot afford lower incomes.

(4) Finally, because of lack of packaging the marketing, consumers are unable to distinguish the safe and organic green tea from regular green tea. This makes it difficult for the organic farmers to set a higher price for their tea, even if consumers are aware that organic tea is really more expensive.

A few proposals on addressing these challenges were shared and discussed. First, there is a need to upscale the project (train more farmers, provide bigger plots, apply new technologies that will allow tea production during the winter season, etc). Second, establishing a trademark or trade name for the organic tea, as well as maintaining a high level of quality, will help consumers not only distinguish it from regular tea but also encourage them to pay a higher price for it.

The union believes that its strength is characterized by the benefits that it can bring to its farmers. It hopes that there will be responses to the group's request for further support because they realize that "the farmer can not do everything from A-Z".

After the formal meeting with the farmer's union, the participants were brought to a green tea plantation where they saw how the tea is being harvested and processed. They were also given a taste of the tea and a chance to interact with some farmers. One dialogue with a young farmer revealed that the tea leaves (only the young leaves on top) were 100% handpicked by about 7-10 laborers each earning about 30,000-40,000 Vietnamese Dong (VND) or approximately US$ 1.84 – 2.45 a day. The tea is harvested around nine times a year, although in his opinion, it is the winter season that produces the best quality leaves. The processed tea would then a price of about 80,000 VND (US$ 4.90) per kilo in the market. Thus, a family of 6 with a one-hectare tea plantation could earn about US$ 2000-3000/month (gross). When asked what motivates him to stay as a farmer, he explained that it is the wish of his parents and that his family has been planting tea on their land for 40 years using only organic fertilizer. He also shared how difficult it is to sell their tea at the market, where all the tea is perceived to have the same quality (whether regular, safe or organic)

The third and last portion of the field visit was at Phuc Thanh Quyet, an AsiaDHRRA project site from 2001-2005. The group was welcomed by the village leader, Mr. An, who shared the positive benefits their community has experienced as a result of the project.

Enhanced agricultural knowledge and skills, as well as the installation of water pump stations to improve irrigation, now allows the village to grow/harvest rice twice a year. As a result, there has been an increase in rice productivity from 3 tons/ha to 5 tons/ha per year. With food security addressed, the village began producing tea as well. By applying the same knowledge and skills, they were also able to increase tea productivity from 0.5 to 1.5 tons/year. Despite this increase, they still feel that they need to learn about better techniques in growing, processing and marketing tea. All of the land belongs to the farmers and they all hold certificates to prove this.

Other "indicators" that show that the village is doing well include the fact that 100% of households now have electricity (in fact, they are starting to experiment with biofuels), more households live in brick houses and nearly all are above the poverty line.

These benefits would not have been possible and cannot be sustained without good support mechanisms and committed individuals:

(1) Cooperative – the cooperative supports the households by providing access to fertilizers and technical services. It is also a credit facility that encourages households to save their extra income and links them to the banks. It also organizes off-farming activities such as brick-making as alternative sources of income.

(2) Role of the local extension officer – the local extension officer plays an important role by facilitating the transfer of technology, conducting evaluations of the pilots/models and organizing exchange visits to other provinces

(3) Strong Leadership – Mr. An has been voted chairman of the cooperative for 7 consecutive terms. He shares two important lessons: 1) the villagers, including myself, need to continuously build our capabilities (learn, learn and learn) and 2) every action requires full participation by the members to succeed

Annexes

List of Annexes

Annex A	Design and Program of Activities
Annex B	Directory of Participants
Annex C	Keynote Message - Making Markets Work for Small ASEAN Farmers: The Role of the ASEAN Foundation
Annex D	Session 1a – Agri-business and Competitive Agro-Industries In the Asia And Pacific Region
Annex E	(PowerPoint) Session 1b – Agri-marketing in Asia
Annex F	(PowerPoint) Session 2 – Agricultural Chains
Annex G	(PowerPoint) Session 3 – VCA Free Range Chicken (Cambodia)
Annex H	(PowerPoint) Session 3 – VCA Calamansi (Philippines)
Annex I	Session 3 - Market Situation in Vietnam
Annex J	(PowerPoint) Session 4 – Market Positioning/Marketing Strategies
Annex K	(PowerPoint) Case Presentation – UMFI Experience (Philippines)
Annex L	(PowerPoint) Case Presentation – JKCA Experience (Korea)
Annex M	(PowerPoint) Case Presentation – CRS Experience (Vietnam)
Annex N	(PowerPoint) Synthesis – Emerging Marketing Intermediation Models
Annex O	(PowerPoint) Session 5 – Opportunities with the ASEAN Foundation
Annex P	Participants' Reflections on New Learnings and Issues/Concerns