

ANNEX C: SUMMARY OF MAIN ACTIVITIES (APRIL – DECEMBER 2002)

A. Program Planning and Design

Inception work was conducted last April-May 2002 where the following activities were conducted: a) Rapid Assessment of target geographic areas; b) BDS Diagnostics cum Product Development Workshops; and c) Program framework definition. Based on the inception work results and the recommendation of the USAID Review Mission in August 2002, the project combines the strengths of subsector development with BDS market development. The former addresses constraints that are blocking market penetration and sales, while the latter involves increasing access of large numbers of enterprises to sustainable BDS products that will help them overcome those constraints.

In-depth market researches were conducted by 4 provider groups from July to September 2002 on 2 subsectors: a) Fruits and Vegetables; and b) Sari-sari. Survey results analysis and review of inception findings undertaken during the subsector selection process in October 2002 showed that intervention in the Fruits and Vegetables subsector has the highest potentials and the advantages in improving the existing conditions of micro enterprises in Southern Mindanao, Northern Mindanao, and CARAGA. Being predominantly agricultural areas, the subsector has the highest involvement of micro enterprises and the poor followed by the informal trade sector like the sari-sari stores (neighborhood variety stores) owners. Market demand trends for fruits and vegetables subsector are the more favorable among the other food subsectors.

Parallel to the preparation of the implementation plan and intervention strategies in October 2002, discussions with potential pilot groups of providers and micro enterprises identified from market researches and key informant interviews were initiated. BDS product concepts were defined including the development process and possible delivery models.

B. Program Implementation

1. Capability Building of Existing Providers

BDS Diagnostics cum Product Development Workshop. A series of workshops participated by 92 providers in the 3 regions were conducted by the project team last May 2002. Objectives of the workshops were: a) to stimulate an exchange of ideas and experiences on market-based BDS models; b) to define an agenda for BDS interventions; c) to give an overview on the BDS product development process; and d) snapshot assessment of the BDS market (supply side perspective). The workshops were organized in collaboration with the Chambers of Commerce supported by the GEM Program and the Department of Trade and Industry regional offices. It was evident during the workshops that the BDS market is dominated by NGOs and government agencies offering free and heavily subsidized services. Services also focused on enterprise dev and related generic courses. (Please refer to Annex F for workshop module/feedback).

On-the-job Training on Market Assessment. Mentoring support was provided to 4 groups of providers commissioned to conduct the subsector study. The market assessment activity offered the providers with opportunities to further develop their capability to conduct subsector/BDS assessment as well as enhance their understanding of BDS.

Forum/Dialogue with LGUs and their Enterprise Development Units. A BDS orientation was conducted for local officials and staff involved in enterprise development during the roundtable discussion organized by CIDA on "Enhancing the Role of LGUs in Economic Development". Main topics discussed were: a) BDS as a private good; b) the role of LGUs in developing the BDS market; and c) making BDS more relevant to micro enterprises.

Information Dissemination. As a means of promoting among providers the need for a market oriented BDS development and delivery, an article on 'Phasing Market Assessment in Opportunities Creation' was published in the project team's news magazine. The magazine was specifically disseminated to 75 enterprise dev organizations and famers'/producers' associations in Mindanao target areas. The news magazine also featured various approaches in BDS delivery.

2. Developing BDS Supply

This component addresses the lack of services necessary to enable enterprises to take advantage of market opportunities by supporting the development of providers and BDS oriented and aligned to MSEs' product market requirements and standards. It 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. The project team is using the Pilot-Validation approach for all of the interventions and BDS proposed.

With most of the ongoing programs in the three target areas focusing on fresh fruit and vegetable production improvements, interventions under the program focus on the development of a range of BDS geared towards promoting value added processing and improved commercialization under the following themes/approaches:

Set-up and/or expansion into commercial scale added value processing through linkages with established producers and traders. Target clients under this theme are micro farm enterprises and their household members as well as community-based groups that have started fruit processing (although at intermittent basis) or farmers/farm households interested to pursue fruit processing. In an area like Mindanao where there are only a few small and medium enterprises, collective enterprises developed according to mainstream standards can be incubators of small enterprises. BDS interventions under this theme also provide significant support to the government's "one town, one product" program.

Likewise, it is envisioned that the range of services developed will support the promotion of a Quality Seal recognized at the regional and national levels. The Quality Food Seal aims to provide small and community based enterprises with the motivation to adopt hygienic, environmentally and socially responsible production and marketing practices. The Quality Seal would be a point-of-purchase label or symbol that would communicate to consumers that food products have been produced from sustainable and equitable practices.

Major activities conducted were as follows:

- 4 private sector partnership agreements for the development and delivery of BDS products were firmed up. Planning with 7 other providers was initiated.
- Simplified business plans were prepared as framework for the operationalization of the product concepts and the collective enterprises.
- Facilitated marketing agreements, which are the bases of BDS delivery to 2 communities consisting of 120 household producers. Initial assessment of 3 communities conducted.
- Organizational development support to communities with marketing agreement has been started.
- Market promotion and development of selected fruit products initiated and with partners as the lead players: a) national trade fair participation; b) preparation for China fair ongoing; c) revival/strengthening of local supermarket distribution arrangements; d) scanning of Metro Manila supermarkets and discussions with merchandisers re: positioning of Mindanao products.
- Networking, with partners taking the lead, resulted to the following: a) LGU - improvement of roads from city to raw material source; cost sharing in trade fair participation; b) DOST – cost sharing for mango puree equipment;c) DTI/ SMED – support in market promotion and program implementation; and d) DA – research support for kaong nursery, planting, and harvesting.
- Status of BDS currently being developed and/or delivered by program supported providers:

BDS	Status
Common Service cum Training Facilities	Physical set-up completed but further modifications in layout needed based on initial experiences and in compliance with GMP; Trial operations from December 2002 – April 2003. Mango puree equipment ordered from US; Meantime, product development is done in a Davao City factory (about 3 hours away from production base)
Packaging and Other Materials reselling	Delivery on-going and serving the needs not only of community enterprises but also of individual producers in the area. Enterprise-based provider trained and subcontracted 20 households for 'bottle sterilization and cleaning.' On-going negotiations with MM based distributors for more 'friendly terms'.
Supplier Training and Development/ Subcontracting – Big Brother System	As part of module and process development, training test run was conducted with 1 st batch of 'subcontracting supervisors' in community-based enterprises who will handle quality control, management of collective production, and other subcontracting aspects at the suppliers' level.
Basic Production Processes	Trainors' training on kaong production process based on company's recipe conducted. Trainors conducted training to households, which enabled the collective enterprise to fulfill initial order. Training modules and delivery system for further development. On-going recipe development for mango products prior to training module development.
Good Manufacturing Practices	Adaptation to kaong production and learning aptitude of target groups ongoing. Other fruit products to follow. Communities have complied with prerequisites such as health certification. Introductory training on hygiene and waste management conducted. Bonus demonstration on burger from banana peel (a big hit among training participants). Banana burger now as supplemental food and income.
Marketing/Distribution Services	Communities received 1 st volume order of 20 tons of kaong last December in line with marketing agreement. Orders have been secured to assure communities of monthly orders for at least one year as long as quality standards are met. Continuous promotion done by partners to be able to support more communities.
Bulk Purchase/ Collective Production and Marketing Management	Currently being delivered. Systems have to be further studied and refined.
Kaong Nursery, Planting and Harvesting	Although raw materials grow wild in the mountains., nursery has been started by community to ensure continuous supply and prevent soil erosion. Module and training still under development. Pool of trainors from communities identified.

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. The program is supporting the development of services that will promote among fruits and vegetable vendors the adoption and implementation of socially responsible, clean and environmentally sound trade practices as marketing tools to strengthen their market position.

- Work program with 2 providers prepared and BDS development directions for 2003-04 defined. Partnership with one other market operator is currently under discussion.
- Identification of trainors and facilitators from the vendor groups, barangay council, and local government units made. Market management and administration strengthened.
- Networking with relevant agencies to generate needed support on program implementation: LGU/barangay officials, DTI, CENRO (garbage collection).

3. Linking BDS Demand and Supply

Mindanao BDS Providers' Network. Concept defined and adhoc committee established last December 2002. Business plan will be presented in April 2003.

BDS Promotion and Awareness. Promotion of market-based delivery of BDS conducted through participation in forums, on-the-job exposure, and the news magazine. To date, the project team is focusing its efforts on getting more established producers and buyers to provide BDS via marketing agreements. Current group of partners are also helping in promoting this set-up.