LINKING FARMERS TO THE MARKET: TOWARDS TRANSFORMING SUBSISTENCE FARMS TO COMMERCIAL FARMS

BACKGROUND

The Philippines has approximately ten million hectares of arable land dominated by the production of traditional and low value crops, about three fourths of which are rice, corn, and coconut; while only less than ten percent is devoted to high value crops. Smallholder agriculture characterizes the sector with majority of the farmers engaged in subsistence farming and are planting low value crops. Thus, productivity gains in these farms do not assure direct improvements on the economic welfare of the farmers taking into account that the government has focused most of its interventions in technology and productivity support.

The challenge to address this issue is to transform the traditional subsistence farms into a feasible commercially oriented production. Linking farmers to the market is a key strategy in this transformation. The research areas envisaged to strengthen this strategy include the following: determining the key constraints of farm-market linkage, a systematic scanning of the commercialized agriculture to establish the state-of-the-art farm-to-market linkage, benchmarking the farm-market linkage, and identifying best practices in farm-market linkage in the domestic setting.

Beforehand, a study conducted by Balcha¹ in Ethiopia already established that farmers’ access to market is a key determinant to a commercialized production.

It is against this background that the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA) implements the project Linking Farmers to the Market: towards Transforming Subsistence Farms to Commercial Farms. The project was funded by the Department of Agriculture-Bureau of Agricultural Research (DA-BAR) and was carried out in collaboration with the Department of Agricultural and Applied Economics, University of the Philippines, Los Baños, Laguna.

The project officially started in mid-October 2015 and ended in 31 October 2017 with Dr. Prudenciano U. Gordoncillo, specializing in monitoring and evaluation, agricultural development, and policy analysis, as Project Leader.

¹ Balcha, Y. 2013: Prospects of Transforming Subsistence Agriculture into Sustainable Livelihoods, A case- study of the Ribb Sub-Catchment, Ethiopia.
OBJECTIVES

This research project aimed to document best practices in farm-market linkage and develop policy recommendations leading to reforms that will improve farm-to-market linkage in Philippine agriculture. The specific objectives of the project were to:

- Establish the typology of farmers in the countryside;
- Establish the state-of-the-art in farm-market linkage in the domestic scene;
- Determine the key constraints to direct farm-market linkage;
- Identify best practices in farm-market linkage domestically;
- Benchmark best practices in domestic farm-market linkage; and
- Draw policy implication towards replicating best practices in market linkages and promoting farm-market linkage to transform subsistence agriculture into viable commercial farms.

METHODOLOGY

The project focused on three traditional crops, namely: rice, corn, and coconut. Reconnaissance survey and participatory rapid area appraisal were conducted to identify the specific geographic focus of the project. As a result, the provinces of Iloilo, Isabela, Lanao del Norte, and Quezon were selected as project sites for rice, yellow corn, white corn, and coconut, respectively.

Household level survey was conducted to characterize the farmers and establish the nature of their farms. Participatory rapid appraisal technique was used to assess the government implemented projects with relevance to farm-market linkage in the Philippines. Best practices in farm-to-market linkage observed from the two activities served as the basis for case studies.

Descriptive analyses were employed to the farm-household level data. Inferential analyses were employed in doing a logistic regression analyses on the typology of farmers relative to the market access gap and in terms of social and public institutions.

PROJECT OUTPUTS

The project was able to impart the following:

1. Characterization of farmers, specifically of rice, corn, and coconut, in terms of organization of production, entrepreneurial competency, aspirations, among others;
2. Establishment of the current state and efforts in directing farm-to-market linkage;
3. Identification of the key constraints barring direct farm-to-market linkage;
4. Identification of the best practices and efforts in linking farmers to the market;
5. Selection of best practices and efforts in linking farmers to the market for benchmarking; and
6. Recommendations for the replication and promotion of best practices in market linkage.