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## STRIVE PHILIPPINES FINAL PROJECT REPORT



Submitted by  
Action for Enterprise

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## 1. PROJECT DESCRIPTION

### 1.1 Objectives and Approach

The Supporting Transformation by Reducing Insecurity and Vulnerability with Economic Strengthening (STRIVE) project, managed by FHI 360 and funded by USAID's Displaced Children and Orphans Fund (DCOF), was designed to build the evidence base around the links between market-driven economic strengthening approaches and the well-being of children and youth. The STRIVE Philippines project, which was implemented by Action for Enterprise (AFE), was one of four implementation projects in conflict-affected countries that aimed to improve the well-being of children through economic interventions that worked at the market or household level.

The objective of STRIVE Philippines was to improve the well-being of vulnerable households – especially for the children and youth within those households – through a market-based approach to economic strengthening in targeted value chains. By improving and expanding existing commercial relationships of vulnerable households, the project's aim was to promote sustainable and commercially viable solutions that can continue to provide benefits beyond the life of STRIVE Philippines.

Activities were designed to support the initiatives of key private sector actors (exporters, suppliers, etc.) in order to improve the products, services and market access that they provide to vulnerable rural producers that they source from. AFE/STRIVE employed a value chain 'facilitation' approach that created incentives for, and leveraged the initiatives of, Lead Firms (LFs). The advantages of this approach included the possibility of impact sustainability, improved scale of impact, increased embedded support among market actors, and greater industry competitiveness.

**Sustainability of Impact** - Working with LFs helped promote the sustainability of project activities since they are commercial enterprises that do not depend on donor subsidy for their ongoing existence (as a development project does). As they have a commercial interest in buying from, supporting, and maintaining relationships with producers, they will continue to do so after the project ends.

**Scale of impact** - By working with over ten LFs in the targeted value chains, each having commercial relationships with approximately 1,000 micro, small, and medium-scale enterprises (MSMEs), the AFE/STRIVE project was able to expand total outreach to 9,675 people.

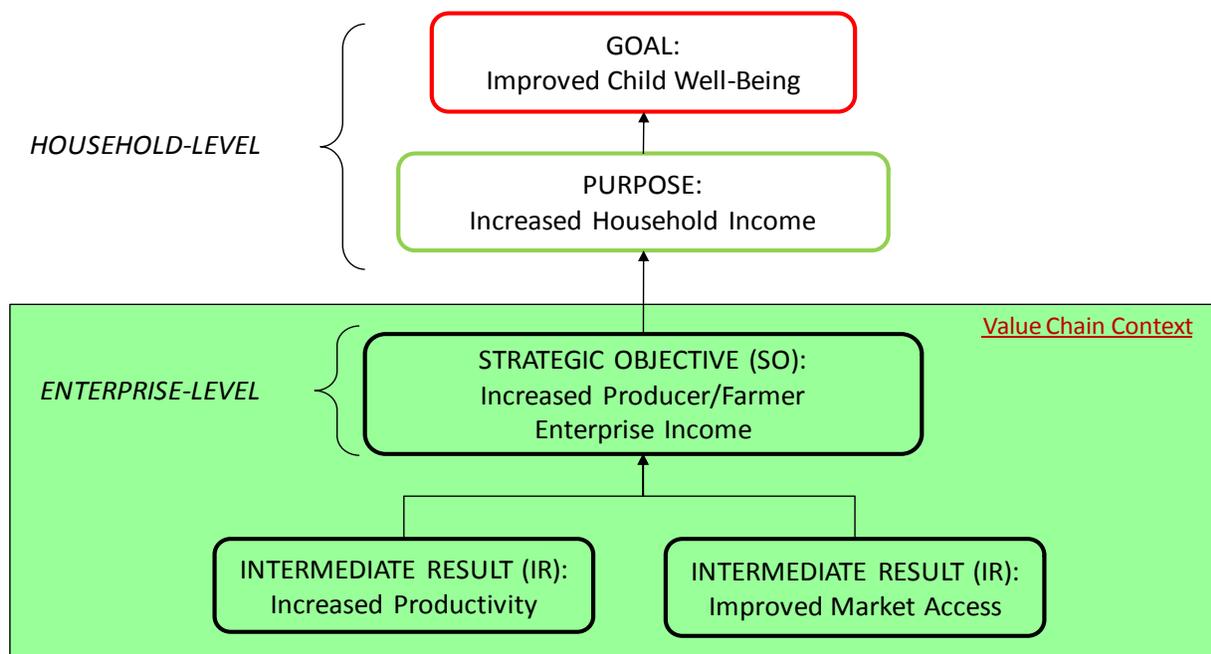
**Provision of "embedded" support** – The nature of LF relationships with their producers/suppliers varied but was usually on an informal piece work basis (i.e., no formal contracts). The LFs that AFE/STRIVE collaborated with provided a wide range of support to their producers/suppliers, as part of their commercial relationships with them. This embedded support included training and technical support, quality management, provision of raw materials, and market access.

**Greater industry competitiveness** –The LFs that the AFE/STRIVE project collaborated with were major market actors, innovators and first adopters in their industries. These firms drive changes in value chain competitiveness as they develop new products, create operational

efficiencies, and succeed in selling to end markets. Without competitive value chains there are few opportunities for producers to participate and benefit. The AFE/STRIVE project therefore supported the capacity building of LFs so that they could maintain and increase their competitiveness and continue offering income earning opportunities for producers.

## 1.2 Causal Model

The causal model for STRIVE Philippines is based on supporting the initiatives of key private sector actors (Lead Firms)<sup>1</sup> in targeted value chains to: 1) increase the productivity of vulnerable producers that supply them, and; 2) increase access to markets that will result in sustaining or increasing purchases from producers. Through these improvements, income will increase and in turn contribute to the improved well-being of children and youth within their households.



## 1.3 Project Background

AFE began its facilitation activities by targeting the seaweed sector. During the first year of the project, however, the sector experienced significant volatility with global price ‘corrections’ after unprecedented spikes the previous year. Inventory rates of stocked seaweed increased and economic activities slowed dramatically. AFE continued supporting the initiatives of several lead firms in the sector – but scaled back facilitation activities as the Lead Firms reduced or eliminated their planned expansion and investment activities with producers.

During this time the project identified the “woven products export sector” (products made from natural materials like straw and sea grass) as an industry that had relatively strong and resilient market demand and growth potential and where products were being produced mostly by women in poor, rural and vulnerable households. The production of woven products provided these women with an important source of additional income that could help reduce the vulnerability of

<sup>1</sup> Lead Firms are small, medium, and large firms that have: 1) forward / backward commercial linkages with targeted micro, small, and medium enterprises (MSMEs) including producers, farmers, and raw material suppliers, and; 2) incentives to upgrade these MSMEs as part of their commercial relationship.

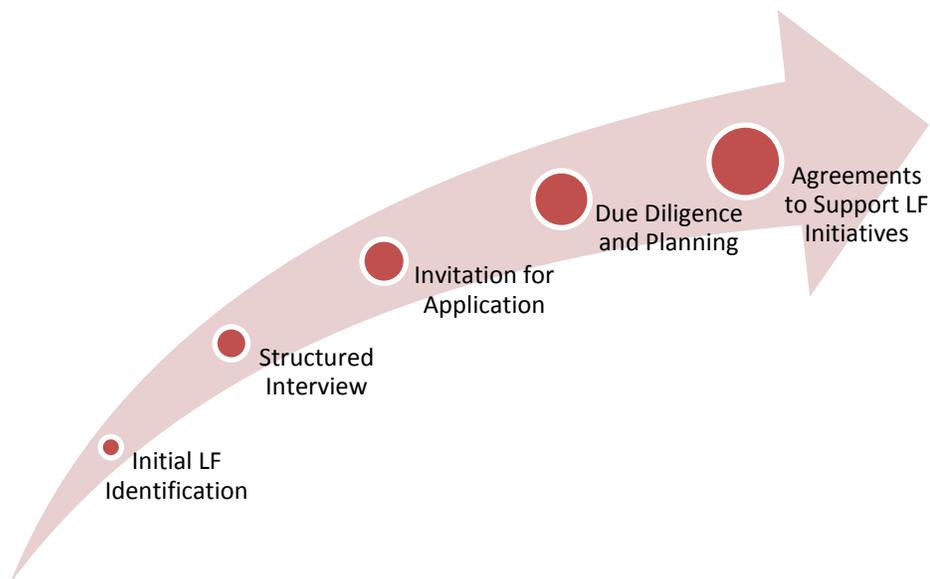
their children. There were also strong prevailing commercial incentives for export companies to invest in and upgrade both new and existing producers. These investments in training were made by exporters to build a broad base of production with new weavers that could be used to complete both current and future orders.

The identification of this sector allowed the project to expand outreach to a greater number of producers and vulnerable children (without additional funding) and it also provided an opportunity to deepen learning by understanding low-income families engaged in different economic activities.

## 2. ACTIVITIES AND RESULTS

### 2.1 *Identifying Lead Firms*

The diagram and narrative below illustrates the methodology and key tools employed by the AFE/STRIVE project for collaborating with LFs.



**Lead Firm (LF) Selection:** The AFE/STRIVE project invited all interested firms (in the targeted value chains) to submit an expression of interest for participation through an “invitation for application” (IFA) process. IFAs were shared with invited firms via association and trade group networks but not published publically. This ensured that all potential LFs had existing commercial relationships with vulnerable households and experience in the relevant sectors. LFs were interviewed using structured interview guides and due diligence activities took place to validate the information presented in their applications.

General Memorandums of Understanding (MOUs) were signed with LFs that met the selection criteria. These MOUs described the overall purpose and broad objectives of collaboration, as well as the general terms of agreement. Signing this general document allowed AFE/STRIVE to demonstrate commitment to the LF, without allocating additional resources to specific activities during ongoing discussions of specific LF interventions.

**Identification of Lead Firm Interventions<sup>2</sup>:** Selected LFs were invited to submit proposals that described their proposed initiatives for upgrading producers, expanding production areas, developing new products, accessing new markets, etc. The IFAs included specific guidelines for the LFs such as:

- eligibility requirements,
- illustrative interventions that would be acceptable
- requirements that initiatives benefit small-scale producers
- technical support and cost share rules
- format for proposal and budgets, etc.

Proposals could be submitted at any time during the project, based on the interest of the LFs, but all LF interventions or initiatives (which support “market-based solutions”) were required to have a causal link to benefits for target MSMEs. This was not a competitive process, but an opportunity for LFs to submit their ideas for initiatives and for AFE/STRIVE to engage with them in a participatory process for analysis and planning of those initiatives. AFE invited LFs to propose the initiatives that they saw as important, and then carried out due diligence of the applications through site visits and inquiries with other market actors to ensure the commitment of LFs to the interventions and increase the likelihood that they would result in sustainable impact for MSMEs. Furthermore, this process helped ensure that AFE/STRIVE’s facilitation activities were tailored to the specific needs of LFs in overcoming their particular challenges.

**Supporting Implementation of LF Interventions:** Once interventions were identified and agreed upon, AFE worked with the LFs to identify project “facilitation activities” that could help build their capacity to implement the interventions. LF interventions (and associated project facilitation activities) were described in *Addendums to the MOU*. These addendums included:

- descriptions of all activities, deliverables, outputs, and reporting requirements,
- specific roles and responsibilities of the LF and AFE/STRIVE project for each activity,
- detailed description of budgets and cost shares,
- timeframe with clearly established milestones,
- establishment of AFE/STRIVE right to survey participants.

Once finalized, these addendums formed the basis of specific agreements between the AFE/STRIVE project and the LF. Using addendums in conjunction with an overarching MOU allowed AFE/STRIVE to take an incremental approach to collaboration with the LFs. It also provided AFE and the LFs with flexibility to take advantage of new opportunities as they arose.

**Cross-Company Interventions:** AFE also worked with the LFs to identify “cross-company interventions” that could be implemented with a number of LFs together. Examples of these cross-company interventions included exposure visits to identify new markets or suppliers, learning visits to “model” operations, and lateral learning workshops for LF technical staff.

**Ensuring Sustainability:** The best exit strategy for a development project is not to enter the value chain or market system in the first place, and to have as light of a touch as possible to

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<sup>2</sup> LF interventions or initiatives are particular activities that the LF carries out to improve the support and market access (market-based solutions) that they provide to producers. These are distinct from “project facilitation activities” which are activities carried out by the project to build the capacity of LFs and assist them to overcome the challenges they face in providing market-based solutions.

avoid distorting markets during facilitation. AFE's approach was therefore based on the following principles:

- choose the right LFs to work with,
- respect the experience and knowledge of LFs,
- stay out of commercial, intermediary, or negotiation roles in the value chain,
- build the capacity of the LFs to provide products, services and market access to the small-scale producer they transact with,
- develop LF and industry competitiveness,
- assess feasibility of supply chain investments,
- create the right incentives,
- carefully monitor agreements

Following these principles meant that AFE/STRIVE avoided subsidizing LF working capital (staff, transportation, etc.) or assets. Any costs shared by AFE focused on capacity building or in "buying down the risk" LFs had in taking on new activities. They were also time-bound with specific terms and conditions clearly outlined in the addendum covering each activity. AFE/STRIVE was also careful to avoid implicit subsidies by contributing its own staff, vehicles, etc. to LFs.

## ***2.2 Project Activities in the Seaweed Value Chain Activities***

The section below presents AFE/STRIVE project activities in the seaweed value chain and describes the following: constraints facing producers, LF initiatives undertaken to address those constraints, benefits for both LFs and producers, and the LF interventions and project facilitation activities.

### **2.2.1 Improving the Productivity of Seaweed Farmers**

*Summary Narrative:* Seaweed farmers lacked access to quality seaweed seedlings which led to decreasing productivity, smaller production areas, and lower household incomes. As a result, seaweed traders faced difficulties getting sufficient quantities of quality seaweed to meet the requirements of their buyers, especially the carrageenan processors.

To address this constraint, several seaweed traders (as lead firms in the sector) requested AFE/STRIVE support for establishing commercial seedling nurseries where farmers could purchase quality seedlings. Facilitation activities included supporting the traders to develop business plans for the nurseries and then providing them with technical and cost share support to establish them. It was the first time that private sector commercial nurseries had been established. The nurseries, however, suffered from the same harmful weather conditions and sea-borne diseases as the local seaweed farmers and as a result, the traders eventually discontinued their nursery operations after several seasons trying to maintain them.

*Constraints and challenges facing producers:* Limited availability and access to seedlings for seaweed farmers led to decreased production and productivity.

*Lead Firms:* NAMSU, Tracks

*Objectives of LF intervention:* Increased access to quality seedlings for seaweed farmers

*Expected Benefit for Lead Firms:* Access to better quality and quantity of seaweed from producers which can be sold for a higher price.

*Expected Benefit for Producers:* Increased income by selling more and better quality seaweed.

*LF interventions supported / AFE facilitation activities:*

- feasibility and business planning exercises for the nurseries
- procurement of materials and equipment, sourcing selected cultivars for transplanting in nursery, orientation and training of nursery staff
- marketing and promotional activities for seedling sales from the commercial seaweed nursery

*Results and developments:* The nurseries expanded farmers’ access to seedlings when they were operational (seasonally) and increased the volume of seaweed production. Seedling access for farmers served by Tracks and Namsu was increased for a combined total of 380 farmers. The nurseries were operational from 2009 to 2010, but discontinued operations after persistent issues of weather conditions and water-borne diseases affected seedling growth, and continued market volatility reduced incentives for sustained LF investment.

Note: Floating production methods (in deep water) enabled NAMSU to shift the location of its nursery lines and reduce exposure to harmful weather conditions and sea-borne diseases. This was not possible where shallow water production methods with fixed lines are used (i.e., Tracks). Nevertheless, NAMSU stopped nursery activities due to decreased market incentives for such investments by traders.

### **2.2.2 Improving Production and Post-Harvest Handling Practices**

*Summary Narrative:* Seaweed farmers and “stockers” (suppliers that purchase from farmers and sell to traders) were not following best practices for production, post-harvest handling and drying, thus limiting the income that they could get for higher quality seaweed. Traders were unable to access high quality seaweed and therefore were selling poor quality seaweed for lower prices.

To address this constraint, seaweed traders requested AFE/STRIVE to support “learning exchanges” where they took groups of their seaweed suppliers to two selected areas where good post-harvest handling and drying practices were taking place. This led to improved practices among suppliers as well as farmers they sourced from.

*Constraints and challenges facing producers:* Poor post-harvest handling and drying practices lead to limited income from the sale of low quality seaweed.

*Lead Firms:* Tracks, NAMSU (hosted exchange visit from Tracks)

*Objectives of LF intervention:* Improve post-harvest handling and drying practices

*Expected Benefit for Lead Firms:* Better quality seaweed from producers which can be sold for a higher price.

*Expected Benefit for Producers:* Increased income by selling more and better quality seaweed.

*LF interventions supported / AFE facilitation activities:* In some areas, local seaweed traders were able to improve quality by promoting better practices among the seaweed farmers that supplied them. Therefore, AFE facilitated cross-learning exchanges where traders took groups of their local seaweed farmers to areas where good post-harvest handling and drying practices were being used. Adoption of improved practice is greatly enhanced when local traders and farmers are able to learn from each other, as opposed to external training from ‘specialists’ with limited practical experience.

*Results and developments:* Improved post-harvest handling and drying practices among approximately 11 seaweed farmers.

### **2.2.3 Exploring Complementary Livelihoods for Seaweed Farmers**

*Summary Narrative:* Due to the increasing volatility of the seaweed market, seaweed farmers and traders were looking for business opportunities that could complement seaweed production. Selected traders requested AFE/STRIVE to assist them in exploring the feasibility of activities such as commercial abalone cultivation and blue crab harvesting.

*Constraints and challenges facing producers:* Income insecurity due to the volatility in the seaweed market.

*Lead Firms:* Sitexport and Tracks

*Objectives of LF intervention:* Access to complementary sources of income for seaweed farmers and firms.

*Expected Benefit for Lead Firms:* Diversified sources of income.

*Expected Benefit for Producers:* Diversified sources of income and reduced dependency on seaweed.

*LF interventions supported / AFE facilitation activities:* AFE facilitated observational tours for seaweed traders, suppliers, and selected stockers to see cultivated abalone operations at a regional research institute (SEAFDEC) in Iloilo.

*Results and developments:* Traders, suppliers, and farmers were exposed to complementary business activities that could diversify their income and reduce dependency on seaweed. Abalone production, however, was not found to be appropriate for small-scale producers given the long gestational period for harvesting abalone and the limited availability of hatcheries.

**Figure 1. Seaweed Farming Family and Learning Exchange of Seaweed Stockers**



### ***2.3 Project Activities in the Home Décor / Woven Product Value Chain***

The section below presents AFE/STRIVE project activities in the home décor / woven product value chain. Each box includes a description of the constraints facing producers, the LF initiatives undertaken to address those constraints, the benefits for both LFs and producers, and a description of the LF interventions and project facilitation activities.

#### **2.3.1 Improving Production Quality to Meet Export Standards**

*Summary Narrative:* Many products produced by rural weavers in the home décor / woven product value chain were not meeting the quality standards required for export and were therefore being rejected by exporters (who were also having the products rejected by their buyers). This reduced the income of both the weavers and the exporters (due to wasted raw materials, the need to refinish products, inability to get sufficient quantities of quality product, etc).

To address this constraint, targeted exporters requested AFE/STRIVE support to build their staff capacity to train weavers in improved product quality. Project facilitation activities included providing technical and cost share support to the exporters to develop a series of producer trainings to address quality control issues. This led to decreased rejection rates at all levels in the exporters' supply chains - producer, local leader, subcontractor and lead firm levels.

*Constraints and challenges facing producers:* Rejected woven products decreased production, productivity and the household income of rural producers.

*Lead Firms:* All Homes, 33 Point 3, Catalina. A workshop on drying and storing raw materials was conducted in May 2012 and initiated by 33.3 (with participation of All Homes, Catalina and others).

*Objectives of LF intervention:* Decrease rejection rates to maximize sales and buyer satisfaction.

*Expected Benefit for Lead Firms:* Better quality and higher volume of goods from suppliers and producers, thus maximizing sales

*Expected Benefit for Producers:* Higher income, from selling products of better quality and lower rejection rates for existing orders. Moreover, with improved quality, LFs were able to increase sales of additional product lines.

*LF interventions supported / AFE facilitation activities:*

- Development of training curriculum and materials for producers on quality control;
- Trainings of trainers (TOT) where LF staff, subcontractors, leaders were prepared to conduct producer-level quality control training using the curriculum;
- Quality control trainings for weavers conducted by twelve LF staff (TOT participants) in 15 production sites
- Post training follow-up to producers
- Cross company workshop on Improved Drying and Storing of Raw Materials also contributed to improved quality as LFs often distribute raw materials to producers.

*Results and developments:* As a result of these activities, approximately 700 producers, leaders and subcontractors were trained<sup>3</sup> in methods to improve quality and reduce rejection rates. According to a ‘buying agent’ in Cebu, the percentage of rejected items was reduced from 50% to 10% after the trainings.

**Figure 2. Quality Assurance Training for Lead Firm Suppliers (local leaders)**



### **2.3.2 Training of New Producers to Meet Market Demand**

*Summary Narrative:* Many rural households were seeking to expand and diversify their income streams while reducing dependency on small-scale agriculture and construction (a primary source of income for many men in the area). At the same time, home décor/ woven product exporters and manufacturers had insufficient production capacity to meet existing demand on schedule and remain competitive in the future.

To address this challenge, targeted lead firms requested AFE/STRIVE support for their initiatives to train new producers. Project facilitation activities included providing technical and cost share support to LFs to prepare and conduct training for new producers.

*Constraints and challenges facing producers:* Households sought to diversify their income and complement earnings from agriculture and construction.

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<sup>3</sup> Based on the actual number of training participants as verified through attendance sheets for each relevant activity.

*Lead Firms:* 33 Point 3, All Homes, Bohol Beads & Fibers, Shelmed, RSU, Regalos, Kraftika Filipina

*Objectives of LF intervention:* To expand production capacity so that they could better respond to existing and prospective orders from buyers.

*Expected Benefit for Lead Firms:* With a wider pool of trained producers, the lead firms will be able to fill purchase orders more efficiently.

*Expected Benefit for Producers:* New sources of household income from production of home décor /woven products.

*LF interventions supported / AFE facilitation activities:*

- Development of training curriculum and materials for training new producers;
- Trainings of trainers (TOT) where LF staff learned how to prepare and conduct new producer training using the curriculum;
- Trainings for 906<sup>4</sup> new producers conducted by LF staff (TOT participants) in 25 production sites
- Post-training follow-up with sample of producers to assess training

*Results and developments:* Over 900 new producers were trained through these initiatives, across multiple LFs. By 2009, however, the global economic downturn began to affect the sales of many exporters. As new export orders decreased (due in part to LFs' inability to meet the very low prices being offered by international buyers) some LFs reduced or shifted purchases from newly trained producers—preferring instead to give orders to their more experienced producers. When sales began to recover some of the newly trained producers began selling to other exporters that were offering slightly higher prices.

There were also issues with some of the new production sites due to problematic subcontractor relationships, proximity of sites to urban centers (where producers were prone to dropping weaving when urban jobs became available), and lack of pre-existing weaving experience among producers. After better understanding of these issues, AFE/STRIVE required LFs to conduct site assessments prior to conducting project-supported new producer training activities, and began administering a survey to assess relative poverty levels in those areas.

### **2.3.3 Expanding Access to Improved Raw Materials**

*Summary Narrative:* Rural producers in certain areas lacked access to quality raw materials (natural fibers). This prevented them from weaving products according to international export requirements. Export companies often provide raw materials directly to the producers they source from, and they also lacked access to quality raw materials, which was reducing sales.

To address this challenge, targeted LFs requested AFE/STRIVE to support their initiatives to identify and train new raw material collectors and “semi-processors” (producers that twist fibers into rope that is then used for weaving). Project facilitation activities included providing

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<sup>4</sup> Ibid.

technical and cost share support to LFs to develop trainings in raw material identification, collection, handling, and semi-processing. This led to newly trained raw material suppliers and increased access to quality raw materials for producers.

*Constraints and challenges facing producers:* Without access to quality raw materials (natural fibers) rural producers in certain areas were not able to expand production of final products and meet LF demand.

*Note: Local availability of raw materials can make one production area more competitive than another (where raw materials have to be shipped in by the LF). However if weavers are highly skilled and experienced it can be worthwhile for LFs to incur the costs of sourcing raw materials elsewhere and delivering to them.*

Raw materials are currently grown wild and according to LFs and producers over-harvesting is not a prevailing problem.<sup>5</sup> If orders were to expand significantly, however, sustainability of supply might become an issue and LFs would need to look into contract growing (as is done in countries such as Vietnam).

*Lead Firms:* All Homes, 33 Point 3, Shelmed, RSU

*Objectives of LF intervention:* To expand sources of raw material in order to increase production of finished products.

*Expected Benefit for Lead Firms:* With increased suppliers and semi-processors of raw materials, LFs are able to fill purchase orders more efficiently.

*Expected Benefit for Producers:* Benefit for weavers was increased access to quality raw materials. Benefits for raw material collectors and semi-processors were greater and more diversified household income.

*LF interventions supported / AFE facilitation activities:* Expanding access to raw material began with AFE/STRIVE facilitating LF field visits to assess availability of raw materials, identify local consolidators and determine the logistical feasibility of new areas. AFE then supported LFs to:

- develop training curriculum and materials for raw material semi-processors;
- conduct trainings of trainers (TOT) to prepare their staff to conduct training using the curriculum;
- trainings for 242<sup>6</sup> new raw material semi-processors conducted by LF staff (TOT participants) in eight sites.

AFE also conducted an assessment of the rattan value chain in order to better understand the availability, sustainability, and potential challenges of this critical raw material for LFs.

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<sup>5</sup> However, in some new production areas, the extent of raw material availability was not well assessed. After a few orders were filled, nearby access of raw material decreased and some weavers had to travel further for material.

<sup>6</sup> Based on the actual number of training participants as verified through attendance sheets for each relevant activity.

*Results and developments:* Approximately 242 new raw material suppliers and semi-processors were trained by LFs (with technical and cost share support from AFE/STRIVE). This led to increased LF access to quality raw materials from vulnerable producers as well as supplemental income for raw material providers (also living in vulnerable households).

**Figure 3. New Weaver Training Participants and Community**



**Figure 4. New Weaver Training**



Local leaders selected by the LFs to develop and train new raw material suppliers also benefited from their participation in “training of trainers” workshops. Letty, a major raw material supplier for one of the LFs, led the training for new groups of raw material collectors located in a major municipality far from her hometown. Despite the LF’s interest in working in the area, the logistical challenges for collection and the availability of alternative income opportunities meant that many of the newly trained collectors did not continue. Nevertheless, Letty became such an impassioned trainer that she began to train her neighbors and those closer to her hometown to become raw material collectors. As a result of her efforts and initiative, Letty and her local community are now one of the largest sources of *pandan*, a specific variety of raw material, for the LF.

### **2.3.4 Skills Upgrading of Existing Producers**

*Summary Narrative:* Producers lacked the skills to produce multiple and diverse products (with different raw materials) needed to respond to export requirements. At the same time, some export companies and subcontractors were limited in their ability to produce high volume orders with new and unique designs and products which delayed production and limited their sales.

To address this challenge, the targeted LFs requested AFE/STRIVE support to build their capacity to upgrade the skills of existing producers. Project facilitation activities involved providing technical and cost share support to the LFs to develop trainings for skills upgrading and introducing new designs and products. This resulted in greater ability for both producers and LFs to respond to buyer orders.

*Constraints and challenges facing producers:* Producers lacked diversified skill-sets needed to respond to orders involving new designs and products.

*Lead Firms:* 33 Point 3, Bohol Beads & Fibers, All Homes

*Objectives of LF intervention:* To upgrade skill-sets of producers so that they could better respond to orders from buyers in a timely manner.

*Expected Benefit for Lead Firms:* With producers whose skills were expanded to include a number of designs and products, the LFs are able to fulfill purchase orders more efficiently.

*Expected Benefit for Producers:* Opportunity to produce a wider range of products and increase their likelihood of selling more products.

*LF interventions supported / AFE facilitation activities:* AFE/STRIVE provided technical and cost share assistance to support LFs in conducting twelve “upgrading” training activities for 336 producers<sup>7</sup>. Examples of these include:

- BB&F organized a two-day loom weaver skills upgrading training in Bohol that introduced new designs requested by buyers (“snail trail” and “fancy twill” patterns).
- In response to their international buyers’ product demands, 33.3 conducted training in Aloguinsan (Central Cebu) to introduce more complicated “scorpion” style weaving techniques.

These activities also included the development of curriculum and TOTs for LF staff and master producers to prepare them to conduct the trainings.

*Results and developments:* The skills of 336 existing producers across multiple lead firms<sup>8</sup> were upgraded through these initiatives, and enabled both producers and exporters to offer more complex and popular products to their buyers. LFs reported that these investments to diversify and improve local production capacity were critical to maintaining their competitive advantage over cheaper producers in other countries.

**Figure 5. Skills Upgrading training for Existing Producers**



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<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

### **2.3.5 Promoting International Buyers Visits to the Philippines (Reverse Buyer Missions)**

*Summary Narrative:* Many home décor/woven product producers (and exporters) were receiving less consistent orders due to the economic downturn in the US and EU as well as growing competition from other countries.

To address this constraint, the export companies requested AFE/STRIVE to support them to identify new buyers and markets. Project facilitation activities included supporting pre-identified buyers (with a strong interest in purchasing from the LFs) to visit them and their showrooms in the Philippines. This led to over \$40,000 in increased sales, with ongoing sales expected into the future.

*Constraints and challenges facing producers:* Less consistent orders, and thus income, due to the economic downturn in the US and EU as well as growing competition from other countries.

*Lead Firms:* 33 Point 3, All Homes, Shelmed, Catalina, Bon-Ace

*Objectives of LF intervention:* To identify and meet with new buyers in order to increase export sales.

*Expected Benefit for Lead Firms:* Opportunity to increase sales and diversify client base.

*Expected Benefit for Producers:* Benefit for producers is that they will receive more work orders, and thus more income.

*LF interventions supported / AFE facilitation activities:* AFE/STRIVE worked with the LFs to arrange ‘buyer visits’ with pre-identified new buyers (and buyer representatives) who were interested in developing commercial relationships with LFs in the Philippines. This included cost share support for the travel of two buyers to visit the showrooms of several LFs.

In the first initiative, AFE facilitated the trip of an international buyer representative / product design consultant who reviewed the collections from multiple LFs, provided feedback on market trends in the U.S. home furnishings sector, and assisted the LFs to develop product samples for the buyer he represented. Based on this input the LFs produced numerous product samples and shipped them to the U.S. where they were exhibited by the buyer at the “High Point Market” in North Carolina – the largest furniture and home furnishing trade show in the United States. The consultant also led a workshop on “Trends and Opportunities in the U.S. Market”. The purchase of samples totaled over \$5,000 and led to additional sales of \$35,000. Many of these products are now exhibited and sold on a regular basis by the buyer.

AFE/STRIVE also supported the visit of a well-known US-based importer-wholesaler selling furniture and decorative home accessories to retail shops across the US. The buyer met with four Filipino export companies that had participated in the AFE/ STRIVE supported market linkage activity at the New York Gift show in August 2011 (presented below). During his visit the buyer selected numerous products for both development and sale and ordered more than \$40,000 from selected LFs. The buyer expressed that his trip to the Philippines jumpstarted new and sustainable business relationships.

*Results and developments:* These activities led to over \$40,000 in initial sales with ongoing sales expected into the future. Sales at the LF level translate into work and additional household income for the producers that supply them. It is expected that results will be felt by the producers and exporters for years after project completion.

### **2.3.6 Participation in International Trade Shows**

*Summary Narrative:* Many home décor/woven product producers (and exporters) were receiving less consistent orders due to the economic downturn in the US and EU as well as growing competition from other countries.

To address this constraint, the export companies requested AFE/STRIVE to support their initiatives to attract new “mid-size” buyers through participation in international trade shows. Project facilitation activities included supporting LFs with preparation and participation in international trade fairs, a standard venue for attracting new and existing customers. LFs requested cost-share support to participate in trade shows they identified or, in some cases, to attend/walk trade shows (suggested by AFE) for the first time in an effort to expose themselves to market trends and potential buyers.

*Constraints and challenges facing producers:* Reduced or less consistent orders (and thus income) due to the economic downturn in the US and EU as well as growing competition from other countries.

*Lead Firms:* 33 Point 3, Shelmed, Catalina, Bon-Ace

*Objectives of LF intervention:* To identify new buyers and generate additional sales from new and existing markets.

*Expected Benefit for Lead Firms:* Potential to increase their sales and diversify their client base

*Expected Benefit for Producers* Receipt of more work orders, and thus more income.

*LF interventions supported / AFE facilitation activities:* AFE supported LFs to participate and the New York International Gift Fair, the largest home furnishing tradeshow in the US, and in the Ambiente trade show in Frankfurt, Germany, one of the largest home accents tradeshow in the world. Through their participation in these shows, the LFs were able to generate sales and make important contacts with new and existing buyers.

For the New York International Gift Fair (NYIGF), AFE worked with experienced import/export consultants to develop a unique “market-linkage program” for interested export companies (33.3, Shelmed, Catalina and Bon-Ace). The program was designed to link the exporters with US-based wholesale distributors that exhibit at the NYIGF. It included introductions to the distributors, as well as the organization of a space above the showroom floors where the exporters presented samples and discussed sales with the distributors. AFE’s consultants, chosen based on their expertise in the US market for craft imports, worked with the companies both in the Philippines (before the fair) as well during the market-linkage program at the fair in New York. Representatives from the LFs met with a wide variety of buyers interested in their products. This

resulted in many sample requests and some initial orders (typically the relationships developed at such shows take time to mature but lead to long-term sustainable commercial relationships)

The visit to the NYIGF in the US also enabled one of the LFs to visit TARGET headquarters (one of their existing buyers) who then placed a large new order valued at over \$433,000. According to the LF this would not have taken place without the in-person visit.

AFE provided technical and cost share support to 33.3 to exhibit at the Ambiente Tradeshow (in Frankfurt, Germany). This is the largest show in the world for home furnishings and 33.3 felt it was crucial for them in gaining and maintaining market share. 33.3 considered their participation a success as they made many contacts and received several sample requests which they anticipate to translate into sales.

The LFs and AFE's trade show consultants all commented that compared to the past, companies no longer measure their success in trade shows by the number of purchase orders they get during the show but rather by the number of contacts made with new and existing 'serious' buyers. It can sometimes take 1-2 years from the time an exporter meets a potential buyer to the time a purchase order is made.

The LFs that participated in the NYIGF and Ambiente trade shows felt that it was critical for them to diversify their client base to include more "mid-size buyers" (versus the large-scale "big-box retailer" buyers in the US). In the past many of the LFs in the Philippines depended on these large buyers (and didn't need to travel to meet them as many had/have their own buying agent in the Philippines), but given the current economic environment and global competition, orders from these buyers have become less reliable.

*Results and developments:* Based on reports from participating LFs, these activities led to the mobilization of approximately \$500,000 in actual sales, and anticipated sales of about \$1.2 million over the next two years (estimate is based on new product sales projected by LF buyers).<sup>9</sup> Sales at the LF level translate into work for the producers that supply them (and increased income for their vulnerable households). It is estimated that the sales generated from AFE-supported programs has and will provide work and supplementary income opportunities for hundreds of Filipino producers. Due to the fact that these activities took place at a later stage in the project, in many cases the results will be felt by the producers and exporters up to several

**Figure 6. Expanding Market Access - Marketing and Product Development**



<sup>9</sup> The large value of the immediate return is, in this case, due to the opportunity for one lead firm to visit existing clients including TARGET and Crate & Barrel. This opportunity would not have presented itself without participation in the NYIGF. Under normal circumstances, the relationships built at an international fair would need to be cultivated to yield large returns over a period of years.

years after the project has ended.

### **2.3.7 Developing New Product Designs, Export Collections, and Marketing Strategies**

*Summary Narrative:* Many home décor/woven product producers (and exporters) were receiving less consistent orders due to the economic downturn in the US and EU, as well as growing competition from other countries.

To address this constraint, the export companies requested AFE/STRIVE to support their initiatives to develop new designs and product lines to attract orders from new and existing buyers. Project facilitation activities included the development of a four-month “*Marketing, Merchandising and Product Development Program*” for the export companies. As a result of this activity, four LFs have developed completely new product lines which have been shared with their existing buyers and are currently being shown at trade shows. This is expected to lead to increased sales and corresponding purchases from LF producers which will contribute to income in vulnerable households.

*Constraints and challenges facing producers:* Reduced and less consistent export orders due to the global economic downturn, especially in the US and EU markets, as well as growing competition from other countries.

*Lead Firms:* 33 Point 3, All Homes, Shelmed, Catalina, Bon-Ace, Regalos, TADECO

*Objectives of LF intervention:* To strategically expand sales from new and existing markets and enable LFs to remain competitive in the long term.

*Expected Benefit for Lead Firms:* Increased sales, diversified buyers, and a strategic marketing plan and new designs.

*Expected Benefit for Producers:* Increased LF purchases and thus more household income.

*LF interventions supported / AFE facilitation activities:* AFE worked with international home décor market specialists to develop a “*Marketing, Merchandising and Product Development Program*” for export company members of the Cebu-Gifts, Toys, and Housewares (GTH) association. The four-month program was designed to increase their competitiveness and market access – *translating into greater sales, income and employment opportunities for the low income producers they source from.* The program began in January 2012 and consisted of:

- **“Cross-company” workshops** in the following topics:
  - US Market Trends (attended by 18 companies)
  - Product Development (13 companies)
  - Approaching Your Customers (9 companies)
- **Intensive one-on-one mentoring:** Four companies received eight days each of intensive coaching with AFE product design and merchandising specialists over a four-month period. Technical support was designed to improve their access to markets through coaching on marketing and sales strategies and providing expertise on product

development, including design and merchandising support. Included in this activity was the development of marketing plans. Companies made a significant cost share contribution (approximately \$3,000 per company) to participate in three one-day workshops and 8-10 days of one-on-one mentoring.

- **Mini-consultations:** Three export companies not participating in the intensive one-on-one mentoring received a total of 10 hours of direct consulting services from AFE expert consultants (consulting took place after each workshop). The assistance was provided on an individual basis with each company. Two of the companies received two separate sessions of two hours each, and one company received a one-time two hour session.

Through this program, the participating export companies acquired a comprehensive understanding of the product and marketing investments required to access new markets and establish relationships in higher value markets. The companies worked with AFE specialist consultants to develop new product designs, export collections, and strategies designed to target higher value markets and remain competitive in a demanding market. This will translate into ongoing sales and needed income for the producers they source from.

*Results and developments:* Participating LFs developed new product designs, export collections, and strategies designed to target higher value markets. Since this activity ended in June 2012, the new designs are only now being presented to new and existing buyers. Based on prevailing export orders from LFs and positive feedback from major buyers, it is anticipated that they will lead to over \$1 million in sales over the next two years – with corresponding purchases from, and income for, the small-scale producers that supply the LFs.

### 3. SUCCESSES

As a result of AFE’s facilitation activities under STRIVE Philippines, major successes include the following:

- More than 9,675 MSME producers and raw material suppliers<sup>10</sup> in the home décor and seaweed sectors were served from project-supported interventions including greater access to new markets, improved quality of production, skills upgrading, and expanded access to inputs.
- The additional income for weavers/ producers that was sustained or increased through this project is often the main source of household spending on food, healthcare, and education. Household level production of woven products also enables producers, especially women, to work around other family responsibilities.
- Over \$500,000 in new LF sales were generated. This resulted in greater LF purchases from producers and supplemental income for the vulnerable households they live in. Additionally, there is potential for anticipated sales of \$1.4 million within the next two years as follows:

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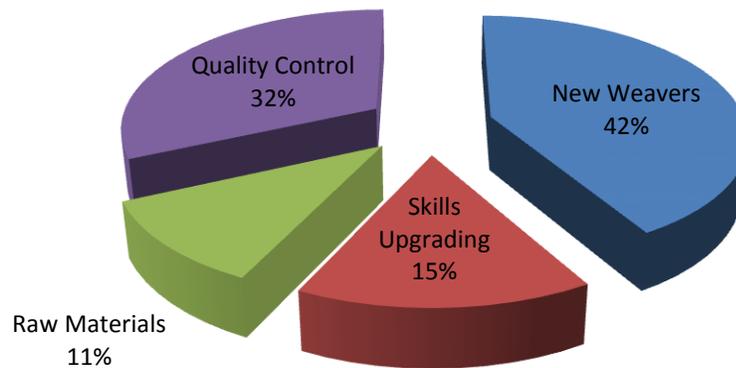
<sup>10</sup> Based on the total “Number of People Served” (as defined by DCOF), reported for 2012.

<b>Market Access Activity</b>	<b>Lead Firm</b>	<b>Actual Sales (US\$): as of August 2012</b>	<b>Anticipated Sales (US\$): next 2 years</b>
NYIGF (including side trips to buyers)	LF #1	443,860	1,200,000
	LF #2	22,500	
	LF #3	30,100	
Reverse Buyer Mission	LF #4	40,000	
Marketing, Merchandising and Product Development Program	LF #5		220,000
<b>TOTAL (US\$)</b>		<b>\$536,460</b>	<b>\$1,420,000</b>

- For the first time, several LFs established comprehensive systems for identifying and training new weavers (including curriculum, materials, and training team development). Their previous approaches to producer identification and training were informal and conducted on an ad hoc basis. It was an empowering process for LF staff and subcontractors to have the opportunity to serve as local trainers and to be publically recognized by LFs for their producer coaching skills.
- The participation of several LFs in the AFE/STRIVE market linkage program at the NYIGF was considered a great success by all participants as they established linkages with new buyers and also acquired critical understanding of the US market and how to better target “mid-size” importer-wholesalers as potential buyers.
- The quality assurance trainings organized by LFs for their producers (and supported with technical and cost share assistance by AFE/STRIVE) reduced rejections and resulted in greater income for more than 500 rural household producers. It also established quality management systems within the companies that are now being used with all their producers. The LFs which participated in the quality assurance training considered this to be one of the most important activities conducted with the project.
- The *Marketing, Merchandising and Product Development Program* came at a pivotal point for a number of LFs who faced the challenge of finding the right strategy to remain competitive in a very volatile industry. Previously, Filipino exporters were able to compete primarily on innovative design and quality and sell to US-based “big-box” retail buyers (with buyer representatives in the Philippines). But competitors in Vietnam, China and elsewhere in the region can now produce similar designs with comparable materials at lower price points. The industry expertise and comprehensive firm-level coaching and mentoring challenged the LFs to evolve and upgrade in ways that will enable them to remain competitive – and continue providing employment and income generating opportunities for thousands of rural producers in vulnerable households.
- By supporting LF initiatives to upgrade producers they source from, develop new products, improve quality, and access new markets, AFE/STRIVE developed a very positive reputation within the home décor/ woven product exports industry in the Philippines. Because of this reputation, the local exporter association and its members felt they could trust and openly discuss their challenges and opportunities with AFE. This level of trust developed over time and opened up a variety of activities, including the expanded market access and merchandising initiatives, that didn’t exist at the beginning of the project.

- Working with multiple LFs to train and upgrade producers, develop quality management programs, improve access to raw materials, develop new designs, products, and marketing strategies, and promote linkages to new buyers and markets helped strengthen an industry that can provide opportunities to generate employment and supplemental income for thousands of vulnerable households and communities throughout the Philippines. See Figure 7 for a breakdown of the 2,176 participants trained by the LFs.

**Figure 7. Breakdown of Woven Products LF Training Participants**



#### **4. CHALLENGES**

- The volatility of the seaweed market (like many commodity markets) had multiple effects and posed several challenges for STRIVE Philippines implementation. Volatile seaweed prices decreased incentives for LFs to invest in producers and suppliers and provide them with technical assistance, training, and financing. As the LFs reduced or eliminated their planned expansion and investment activities with producers, there were few areas left for collaboration with the project. As a result, the project made efforts to explore complimentary sources of income for seaweed farming households, which the LFs did not implement, and ultimately switched to the woven product export sector.
- The geographic circumstances of the seaweed sector, including growing insecurity in parts of Mindanao and logistical challenges to travel to the region, made monitoring and follow-up a challenge from Cebu.
- After much research, LFs (and AFE/STRIVE) came to the conclusion that there were no proven formulas for increasing seaweed production (as in the case of land-based agriculture where good seeds, fertilizer and other inputs can make a clear difference). Most of the factors seemed to be weather and ocean related. LFs therefore did not have incentives to train the producers they sourced from in production techniques.
- In 2009 the global economic downturn began to affect the sales of many woven product exporters. As new orders decreased (due in part to LFs' inability to meet the very low prices being offered by international buyers) LFs reduced or shifted orders from newly

trained producers to their pre-existing producers. Yet as sales began to recover, LFs reported that producers in some areas (that had been trained by the LFs with technical/cost share support from AFE/STRIVE) were enticed by competing exporters with slightly higher prices and began to supply them instead.

- LFs also faced problems in areas where new producers had been trained including problematic “leaders” (those that coordinate orders with producers), the proximity of sites to urban centers (where producers were prone to dropping weaving when urban jobs became available), and lack of producer weaving experience. After gaining a better understanding of these issues, AFE/STRIVE required LFs to conduct site assessments prior to conducting any project supported new producer training activity.
- The STRIVE Philippines project was designed initially to focus on only one value chain which limited opportunities to explore support to other value chains that could have a positive impact on vulnerable households.

## 5. KEY LEARNING

- Project focus on a single value chain is risky given the possibilities of market downturns. Having the flexibility to explore and pursue initiatives in other value chains was important to project implementation, and targeting several value chains from the start may be valuable for similar projects. It should also be noted that while specific vulnerable beneficiaries can be targeted within a value chain, an overall value chain development project would not likely be able to exclusively target vulnerable beneficiaries for all interventions.
- Development organizations should invite LFs to propose their own initiatives for improving the support, products, and market access they provide to producers in their supply chain, while at the same time ensuring that these proposed interventions will fulfill project objectives. This approach promotes ownership and sustainability.
- LF investment in the training and upgrading of their local suppliers and master weavers is empowering and provides them with community recognition that can deepen their commitment to the LFs. The selected leaders/master weavers who participated in the TOTs conducted by LFs stated that they appreciated being publically recognized for their skills and for the opportunity to formally train others.
- LFs in the home décor/ woven product export sector should make sure to explain the realistic earning potential and seasonality of demand to producers they wish to source from. If purchase orders are not consistent, newly trained producers may quickly look for alternative sources of income and the impact of the LFs’ supply chain investments may be diminished.
- Continuous engagement with LFs in the development and implementation of their new initiatives is important. It may take numerous cycles of collaboration before improved practices are fully integrated into the practices of a LF. LFs may revert back to more conventional methods of operation (i.e., training) if premature assumptions are made about their adoption of new approaches. For example, a LF relied exclusively on its

master sample maker to individually train all new producers but (with project support) began to develop a network of local trainers using a customized curriculum. It was assumed that after the first training of trainers that these practices would be adopted but afterwards the LF reverted back to relying on its sample maker for new producer training.

- While project activities to support LFs to increase or improve their producers' production and productivity are necessary, they should be complemented by efforts to expand access to new markets (and thus generate new sales) through product diversification and upgrading, linkages with buyers, participation in trade shows, etc. By promoting consistent or growing market access, opportunities for increasing production and raw material supply with rural households will improve accordingly.
- Initially exporters felt that they had sufficient demand for their products and weren't focused on expanding their market. Yet as demand for their products slumped, market access became a higher priority and was reflected in the nature of technical support provided by AFE/STRIVE. Development organizations doing value chain work need to remain flexible to the changing economic climate and needs of the market actors in the value chain.
- Although a development organization can encourage LFs to explore procurement from specific target areas, they should be careful to ensure that such areas are conducive to the LFs long-term business operations and strategies. Within a particular value chain, a development organization can seek to target specific beneficiary groups. But using an overall value chain approach, it is not possible to dictate to a LF that all value chain interventions must exclusively benefit target beneficiaries.
- LF training initiatives that target remote vulnerable communities must factor in the logistical and technical challenges of procuring from these areas, including potential extra costs. If local availability of raw materials is limited, for example, LFs may find it difficult to sustain commercial relationships in these areas. The logistical costs for delivery of raw materials, if necessary, and pick up of (semi) finished products is an important procurement consideration for LFs.
- It is important for LFs to carry out a systematic site selection exercise when choosing new production areas that includes all the factors that can affect successful production and procurement. This will help ensure that LF investments in new producer trainings are worthwhile and that long-term relationships can be established. To facilitate this AFE/STRIVE worked with LFs to develop a 'site selection checklist' that the LFs could use when assessing a site for new weaver training.
- Ongoing research into ways that LFs can help increase the retention of newly trained producers resulted in the following findings:
  - a. Producers prefer daily payment for their work. In some cases producers need to wait up to two weeks to get paid, which discourages some from continuing to weave. LFs therefore need to expedite producer payment when possible.
  - b. In some cases, poor rural women with primary childcare and household responsibilities have difficulty finding the time to weave during the day. However, since weaving can be done at home whenever time allows, it provides

an opportunity for women to earn income and successfully combine these activities. Demands on a rural woman's time is significant but weaving can offer a flexible home-based opportunity to supplement their household's income.

- c. When producers are accustomed to subsidies from government or development projects they often have difficulty working with commercial firms. For example, in areas where households receive conditional cash transfers from the government (via the *Pantawid Pamilyang Pilipino Program* – 4Ps), the level of interest or commitment to other income earning opportunities is very low. LFs need to take this into account when choosing new production areas.
  - d. Producers closer to urban areas have greater access to a variety of income earning opportunities and were more likely to suspend weaving activities if they could find better work. There are therefore procurement advantages for LFs, including greater community commitment and increased local economic incentives, to source from more rural areas when possible.
- During the “*Identification of Best Practices in LF Producer Training Programs*” workshop, LFs discussed and shared their experiences organizing and conducting producer trainings. They identified best practices that can be incorporated into future training activities organize for producers. This activity generated key learning that will contribute to the LFs’ ongoing institutional capacity to train and support the producers they transact with – which in turn contributes to greater income and benefits for the participants and their households.
  - AFE observed that in at least one instance, after the LFs trained new weavers, some of the participants went on to train others in the community or in nearby areas who wanted to learn and gain extra income. The implication for this may be a modification in the way that LFs (and their subcontractors/leaders) target who to invite to the trainings. This learning/observation could also drive LFs to modify other aspects of their training delivery methods.
  - Having very clear agreements between a project and LFs that stipulate objectives, expectations, and responsibilities facilitates successful collaboration. LFs should also designate one person to engage with the project on administrative details (reporting, monitoring, financial invoicing).
  - Woven product export companies recognized that in today’s competitive world market, success in trade shows needs to be measured by the number of contacts made with new and existing ‘serious’ buyers; not just the number of purchase orders they receive. Interim measures of trade show success can include: number of overall samples requested, number of design/styles requested, frequency of correspondence, etc. In the current environment, it can take one to two years from the time an exporter meets a new client to the time a purchase order is placed. It is important to keep this in mind when facilitating market access interventions in this sector.

## 6. MONITORING AND EVALUATION

### 6.1 *Monitoring Activities*

The AFE/STRIVE monitoring system is based on collecting data and information from the LFs that the project works with (and have signed MOUs with). This information is then used to determine results with targeted producers (that the LFs transact with). AFE's performance indicators have been chosen to monitor outcomes by capturing both firm-level and project-level data. Indicators used for monitoring under the AFE/STRIVE project include:

- 1) *Purchases from Producers* – measures payments to producers and raw material suppliers and is used as a proxy for activity-based income.
- 2) *Number of Producers* – estimates outreach and scale of benefits, based on the number of producers, farmers, or raw material suppliers the LFs transact with
- 3) *Commercial Access to Input Supplies (seaweed only)* – estimates availability of seedlings for seaweed farmers (through market relationships).
- 4) *Sustainable Market Access for Producers* – estimates market access for producers based on LF sales of final products.

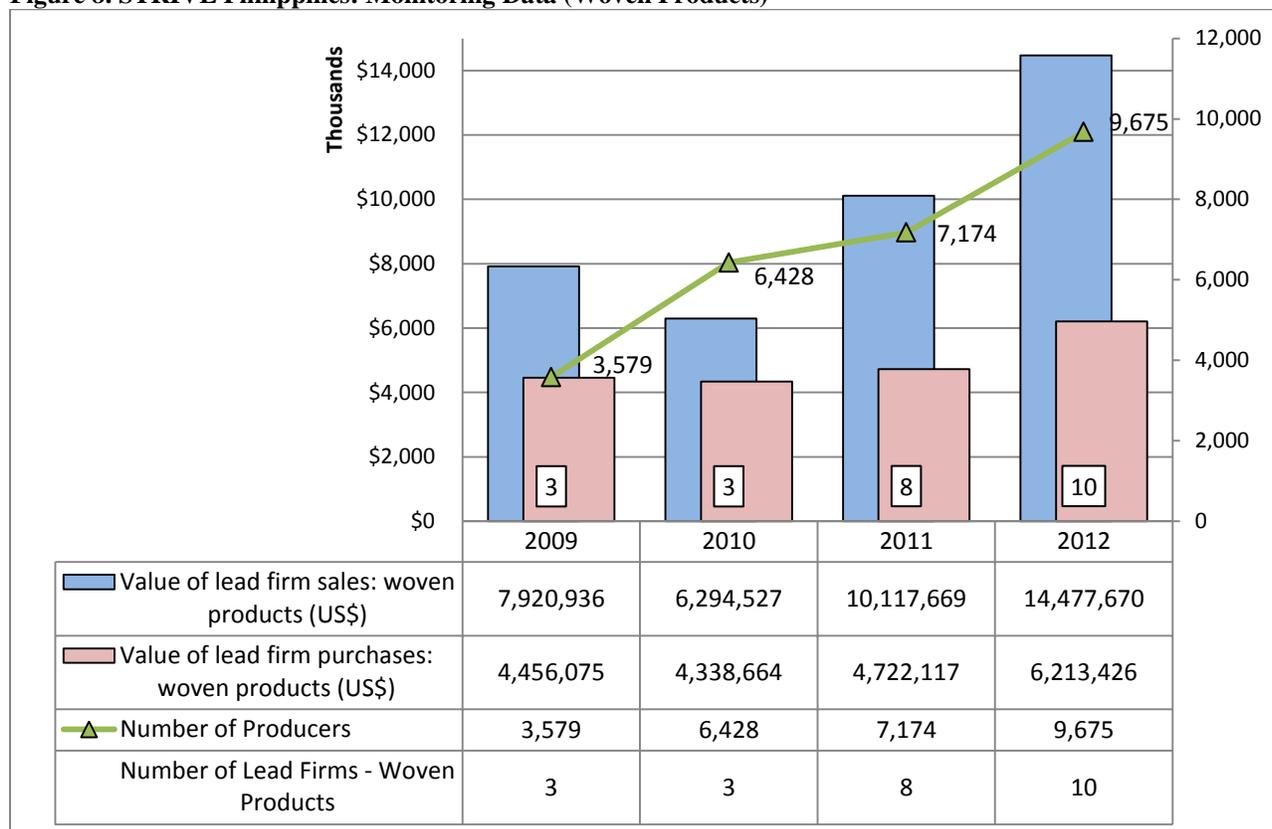
The monitoring system is based on the following steps:

- Step 1: Review and definition of project indicators
- Step 2: Discuss project indicators with LF
- Step 3: Sign Memorandum of Understanding with LF
- Step 4: Conduct baseline data collection with LF
- Step 5: Baseline data entry
- Step 6: Semi-annual data collection from all LFs
- Step 7: Semi-annual data consolidation and entry (information from all LFs)
- Step 8: Reporting

Baseline data is collected immediately after the signing of MOUs and reflects the latest twelve months for which there is data. Semi-annual data is collected twice per calendar year and reflects the last six months of data.

AFE's final monitoring report (through June 30, 2012) showed the following overall results for the woven products value chain:

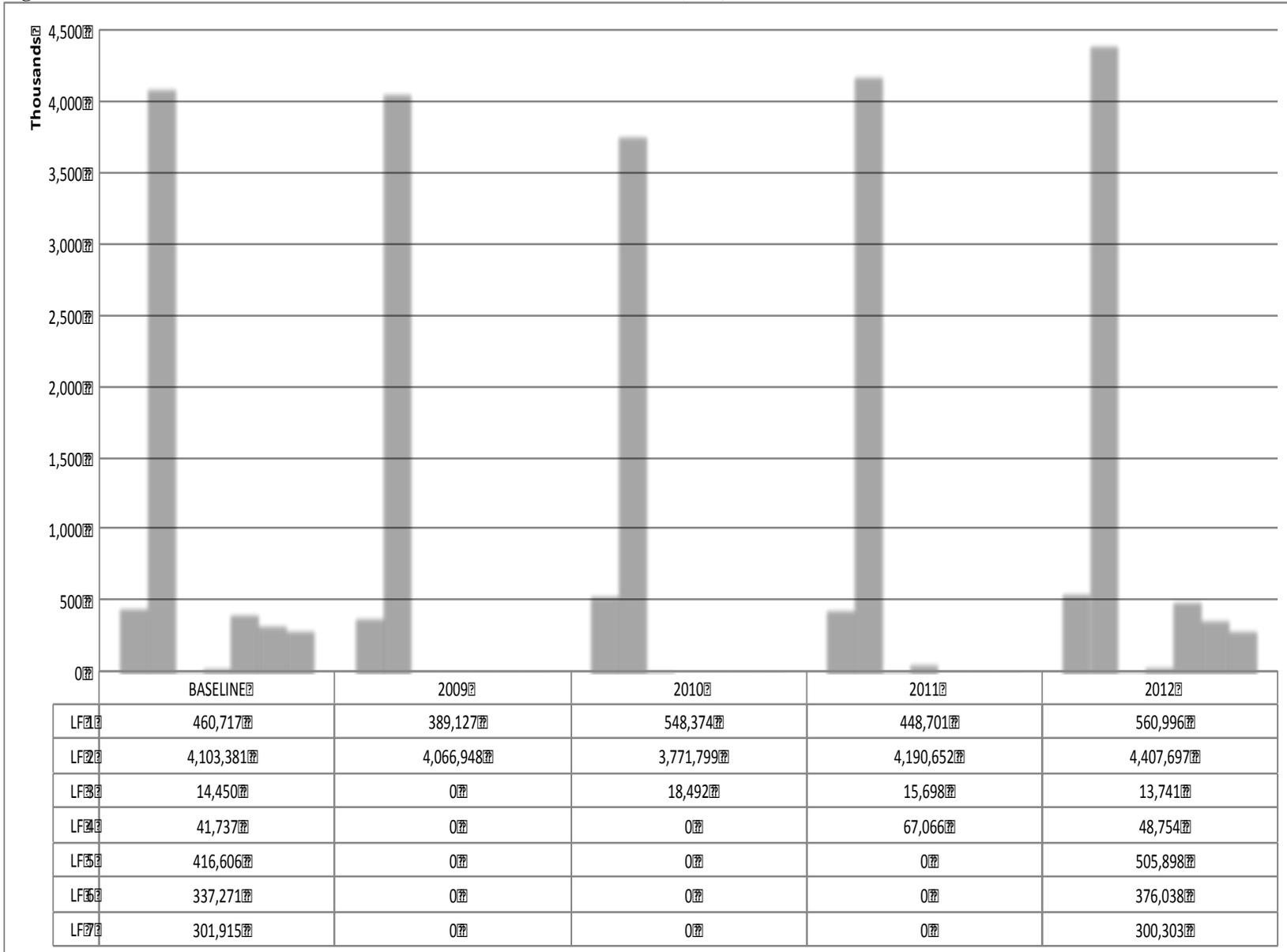
**Figure 8. STRIVE Philippines: Monitoring Data (Woven Products)**



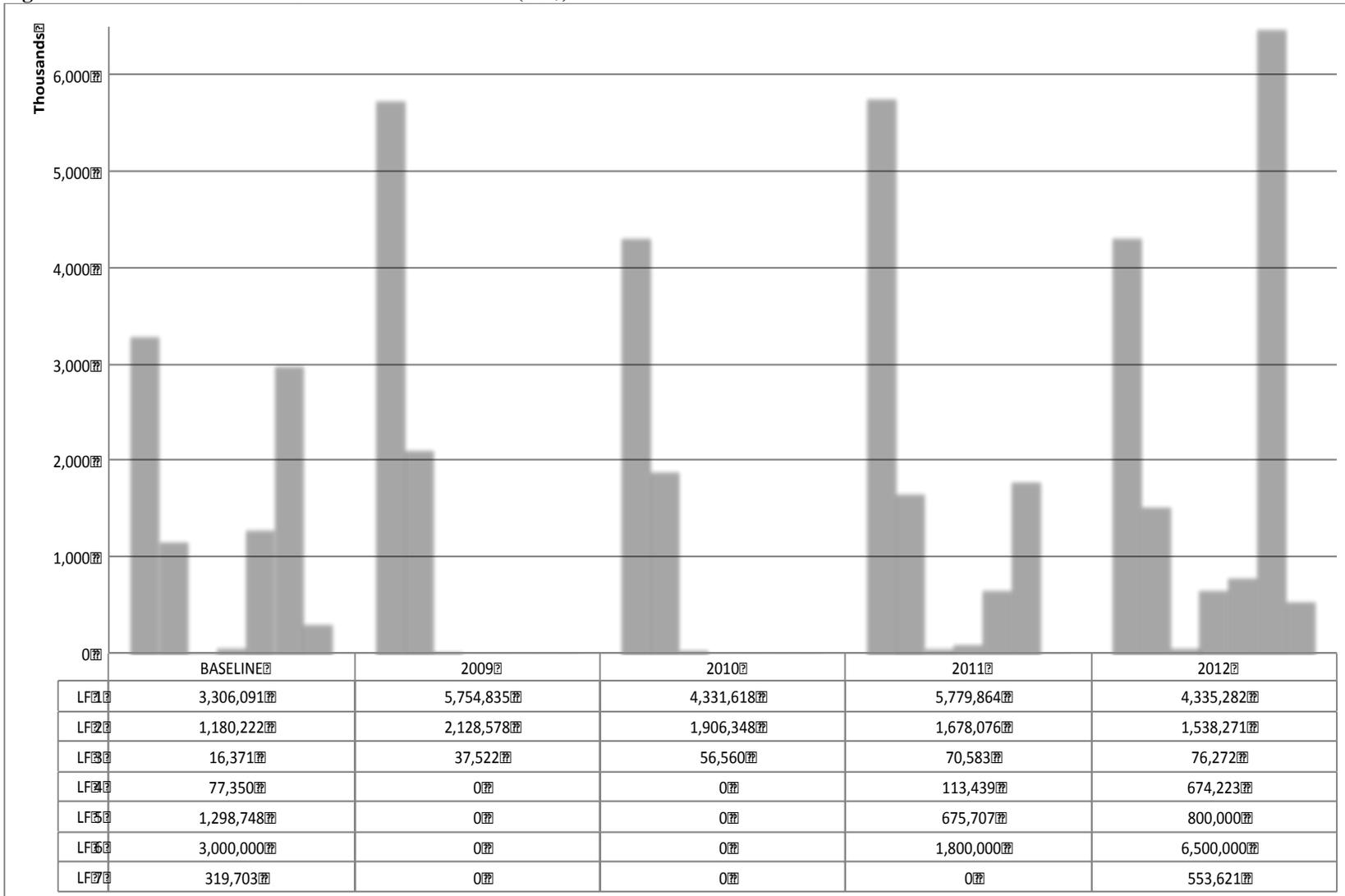
- **Value of Lead firm Purchases (Woven Products):** The total overall value of LF purchases from producers increased by an average of 13% annually.
- **Value of Lead Firm Sales (Woven Products):** The overall value of LF sales of final products increased an average of 28% annually. Sales of LF products began to pick up again in the past year (at least in part due to AFE’s support of market access activities).
- **Number of Producers:** The total number of weavers and raw material suppliers to LFs totaled 9,675 by June 2012.

However, the change of individual LFs during the project period can often be a better reflection of the nuance of project-supported interventions and the volatility of value chains over time. See Figures 8 and 9 below for details of individual woven product LF’s: (i) value of purchases from producers, and (ii) value of final sales.

**Figure 9. Value of Lead Firm Purchases from Producers - Woven Products (US\$)**



**Figure 10. Value of Lead Firm Sales - Woven Products (US\$)**



It should be noted that a value chain approach for economic strengthening requires project flexibility in order to identify and develop collaboration with LFs that have the proper interest and incentives to expand and upgrade producers in their supply chain. The AFE/STRIVE project used a variety of methods to identify such LFs and then review and negotiate technical and cost share support for their proposed interventions (see earlier section on “General Approach”). Because of this market-based methodology, before project implementation began it was not possible to predict with certitude the:

- number of LFs that the project would work with
- geographic location of producers that would benefit from project-supported activities (as these depend on where and who the LF is sourcing from)
- timing and duration of collaboration with a LF,
- level of technical and cost share support that would be provided to support specific LF initiatives

## 6.2 DCOF Indicators

In accordance with the latest guidelines from USAID/DCOF, additional project-level indicators were compiled by AFE, derived from the monitoring data. These are presented in the table and narrative below.

BENEFICIARIES		FY 2009	FY 2010	FY 2011	FY 2012
<b>1. Number of People Served</b>	<b>Total</b>	<b>224</b>	<b>5,536</b>	<b>7,016</b>	<b>9,675</b>
	Male	112	2,585	1,719	3,884
	Female	112	2,951	5,297	5,791
<b>2. Number of People Trained<sup>11</sup></b>	<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>53</b>	<b>68</b>
	Male	n/a	n/a	10	26
	Female	n/a	n/a	43	42
<b>3. Number of Organizations Strengthened</b>	<b>Total</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>12*</b>

- **Number of People Served:** This includes the total number of weavers, raw material providers and seaweed farmers that benefitted either directly or indirectly from LF initiatives supported by AFE/STRIVE.
- **Number of People Trained:** This indicator is defined as the total number of LF staff and local intermediaries directly trained by the LFs with AFE support (local intermediaries distribute and consolidate LF orders and raw materials to local producers within their area). Note: in FY 2010, the definition of “people trained” was revised to be mutually exclusive from the number of “people served”.

<sup>11</sup> The beneficiary indicators (and their respective definitions) were revised by DCOF in FY 2010. The new guidance clarified that people who are counted as “served” should not also be included in the indicator for those “trained”. Therefore, data previous to FY2010 for “Number of People Trained” is not included in the table above.

- ***Number of Organizations Strengthened:*** This indicator is defined as the total number of LFs (with signed MOUs) participating in STRIVE-supported activities. The LFs with which AFE had signed MOUs and provided a deeper level of support were:
  - 1) NAMSU
  - 2) TRACKS
  - 3) 33 Point 3 Exports;
  - 4) All Homes Designs Ltd. (AH);
  - 5) Bohol Beads & Fiber (BB&F);
  - 6) Shelmed Cottage Industries;
  - 7) Bon-Ace Fashion Tools;
  - 8) Catalina;
  - 9) Rico S. Urquico Furniture;
  - 10) Regalos Exim, Inc;
  - 11) TADECO; and
  - 12) KRAFTIKA Filipina;

\* Intermittent support was also provided to: Cebu Gifts, Toys, and Housewares (Cebu GTH) Association; Nature’s Legacy; Enpekei; Erma Shells; Capiz Shells; Philcraft Traders; Obra Cebuana; Art n Nature; and Ian International for the marketing and product development seminars that AFE facilitated.

### **6.3 Project Evaluation Activities**

In addition to the on-going monitoring activities conducted by AFE at the LF- and enterprise-level, evaluation interventions were led by IRIS/FHI360 in order to assess the effects of the STRIVE project on household- and child-level well-being. A mixed-method case study approach was used by the IRIS/FHI360 team – with iterative use of both qualitative and quantitative tools, beginning with a baseline in the fall of 2009 and an endline in 2012.

### **6.4 Lessons Learned on Monitoring**

Based on the findings and conclusions from the monitoring data, a few lessons learned for M&E were derived during implementation of the project:

- ✓ *Project facilitation activities cannot be pre-determined:* At the onset of a value chain project it is not possible to identify all the market actors/LFs that the project will collaborate with, pinpoint exact locations of project activities, nor determine which households will benefit from LF interventions. Market development projects evolve in an incremental fashion based on many factors and the extent of LF engagement and collaboration will vary during the project. Since a static ‘baseline’ period and data set is not feasible, AFE developed procedures to address the challenges to measuring change in a fluid value chain project context.
- ✓ *Validate Target Areas for LF Interventions:* Location is a major issue for LF procurement. There is often greater local commitment and incentive to weave in more remote rural areas – though logistical challenges may also be greater. Urban or peri-urban areas offer the opposite – ease of logistics but significant issues of decreased commitment and commercial incentives. Therefore, it is important for both LFs and projects that are supporting their initiatives to conduct due diligence in proposed new production areas to validate their commercial viability. Factors to assess include: local availability of raw materials, a reliable

local intermediary that can coordinate LF procurement, traditions of weaving among the population, acceptable infrastructure for transportation to and from the area, etc. This will ensure that lead firm investments in training new weavers, for example, are cost-effective and result in sustainable win-win relationships. To facilitate this due diligence AFE/STRIVE worked with LFs to develop a ‘site selection checklist’ to use when assessing areas for new weaver training.

- ✓ *Incorporate on-going qualitative case studies into M&E system:* Using quantitative methods to measure individual household-level change, as a result of LF interventions supported by the project, is very challenging in the context of value chain project-based programming. However, developing on-going ‘case studies’ of a few sample households to monitor both quantitative and qualitative indicators can provide a broader context for what is happening in those local communities as a result of project-supported LF interventions.
- ✓ *Assess households targeted by LF initiatives with PPI tools:* There were concerns raised during a mid-term assessment of the AFE/STRIVE project that not all of the producers benefiting from project facilitation activities were from vulnerable households (AFE subsequently determined that a majority were, but not all). AFE/STRIVE therefore began to use the Progress out of Poverty Index (PPI) tool in order to ensure the vulnerability of households in areas proposed by LFs for interventions. This helped ensure that the project was in line with the mandate and objectives of STRIVE/DCOF. Note: AFE used the prevailing PPI tool for the Philippines to gauge the relative vulnerability of certain households in target areas; it was not done for ALL participating producer households nor in all areas. See Annex 1 for PPI results.

### Examples of Weaver Households



### Acknowledgements

The AFE team would like to thank all those that contributed to this project. Thanks are given first to DCOF/USAID for providing this opportunity to experiment with market development methodologies as a means of impacting vulnerable children and households. Thanks also to FHI 360 for their excellent support and to all of the AFE international and local staff. Finally, special thanks to the dynamic lead firms that collaborated with the project for all of their initiatives and investments to upgrade producers in their supply chain and create sustainable and competitive markets that will continue to provide economic benefits into the future.

**ANNEX 1**  
**PPI Results**

**PROGRESS OUT OF POVERTY SURVEY** AH **Avg. 58.9% 41.2%** 29.1% 71.0% 32.4% 67.6%

Intervwr	Lead Firm	Respondent Location	Intrvw cycle	Resp No	PPI Indicator Scores										Total PPI score	Natl Poverty Line		USAID Poverty Line		Natl Food Poverty Line	
					0-14 kids	in chl	F educ	salaried	walls	roof	toilet	ref	tv	wash		Below	Above	Below	Above	Below	Above
RAB	AH	Pansuy, Sogod	1st	1	15	2	6	0	0	2	0	0	6	0	31	59.6%	40.4%	23.1%	76.9%	27.2%	72.8%
RAB	AH	Pansuy, Sogod	1st	2	15	2	3	0	0	2	7	0	6	0	35	48.9%	51.1%	16.9%	83.1%	18.6%	81.4%
RAB	AH	Pansuy, Sogod	1st	3	15	2	3	0	0	2	7	0	6	0	35	48.9%	51.1%	16.9%	83.1%	18.6%	81.4%
RAB	AH	Cabungahan, Danao City	1st	4	15	2	3	0	0	2	0	0	0	0	22	80.9%	19.1%	40.7%	59.3%	46.7%	53.3%
RAB	AH	Cabungahan, Danao City	1st	5	15	2	11	5	4	2	7	0	0	0	46	21.1%	78.9%	5.8%	94.2%	5.8%	94.2%
RAB	AH	Cabungahan, Danao City	1st	6	4	2	0	0	0	0	0	0	0	0	6	93.7%	6.3%	70.9%	29.1%	77.3%	22.7%

**PROGRESS OUT OF POVERTY SURVEY** 33.3 **Avg. 62.8% 37.2%** 36.9% 63.1% 39.6% 60.4%

Intervwr	Lead Firm	Respondent Location	Intrvw cycle	Resp No	PPI Indicator Scores										Total PPI score	Natl Poverty Line		USAID Poverty Line		Natl Food Poverty Line	
					0-14 kids	in chl	F educ	salaried	walls	roof	toilet	ref	tv	wash		Below	Above	Below	Above	Below	Above
JA	33.3	Centro, Matinao, Carmen	1st	1	0	2	0	0	0	0	0	0	0	0	2	96.6%	3.4%	83.8%	16.2%	86.6%	13.4%
JA	33.3	Centro, Matinao, Carmen	1st	2	26	4	0	0	4	2	0	0	0	0	36	48.9%	51.1%	16.9%	83.1%	18.6%	81.4%
JA	33.3	Centro, Matinao, Carmen	1st	3	0	0	6	5	0	0	7	0	0	0	18	87.8%	12.2%	54.8%	45.2%	59.8%	40.2%
JA	33.3	Centro, Matinao, Carmen	1st	4	20	4	0	5	4	2	7	0	6	0	48	21.1%	78.9%	5.8%	94.2%	5.8%	94.2%
JA	33.3	Eskwelahan 2, Matinao, Carmen	1st	5	15	0	3	0	4	2	7	0	0	0	31	59.6%	40.4%	23.1%	76.9%	27.2%	72.8%

**PROGRESS OUT OF POVERTY SURVEY** BB&F **Avg. 53.9% 46.1%** 20.5% 79.6% 23.5% 76.5%

Intervwr	Lead Firm	Respondent Location	Intrvw cycle	Resp No	PPI Indicator Scores										Total PPI score	Natl Poverty Line		USAID Poverty Line		Natl Food Poverty Line	
					0-14 kids	in chl	F educ	salaried	walls	roof	toilet	ref	tv	wash		Below	Above	Below	Above	Below	Above
JA	BB&F	Dagnawan, Inabanga	1st	1	26	4	0	0	0	0	0	0	0	0	30	59.6%	40.4%	23.1%	76.9%	27.2%	72.8%
JA	BB&F/33.3	Lonoy, Cainsican, Inabanga	1st	2	26	4	0	0	0	0	0	0	0	0	30	59.6%	40.4%	23.1%	76.9%	27.2%	72.8%
JA	BB&F	Lonoy, Cainsican, Inabanga	1st	3	15	2	6	0	4	2	7	0	6	0	42	36.8%	63.2%	12.5%	87.5%	12.4%	87.6%
JA	BB&F	Lonoy, Cainsican, Inabanga	1st	4	0	2	3	0	4	2	7	10	6	0	34	59.6%	40.4%	23.1%	76.9%	27.2%	72.8%

**PROGRESS OUT OF POVERTY SURVEY** Tracks **Avg. 63.6% 36.4%** 41.2% 58.8% 44.0% 56.0%

Intervwr	Lead Firm	Respondent Location	Intrvw cycle	Resp No	PPI Indicator Scores										Total PPI score	Natl Poverty Line		USAID Poverty Line		Natl Food Poverty Line	
					0-14 kids	in chl	F educ	salaried	walls	roof	toilet	ref	tv	wash		Below	Above	Below	Above	Below	Above
SS	TRACKS	Busalian, Island	1st	1	0	0	0	0	4	2	7	0	6	0	19	87.8%	12.2%	54.8%	45.2%	59.8%	40.2%
SS	TRACKS	Busalian, Island	1st	2	26	4	3	0	4	2	7	0	0	0	46	21.1%	78.9%	5.8%	94.2%	5.8%	94.2%
SS	TRACKS	Busalian, Island	1st	3	0	0	0	0	0	2	0	0	0	0	2	96.6%	3.4%	83.8%	16.2%	86.6%	13.4%
SS	TRACKS	Busalian, Island	1st	4	26	4	0	0	4	2	7	0	6	0	49	21.1%	78.9%	5.8%	94.2%	5.8%	94.2%
SS	TRACKS	Busalian, Island	1st	5	9	2	0	0	0	0	0	0	0	0	11	91.5%	8.5%	56.0%	44.0%	62.0%	38.0%