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STRIVE Philippines Woven Products Sector Final Evaluation

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Cebu-based Weavers Photo credit: Diana Rutherford

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I. EXECUTIVE SUMMARY

This paper reports findings from an evaluation of STRIVE Philippines activities in the woven product sector. The goal of STRIVE Philippines is to improve the well-being of vulnerable households – especially for the children and youth within those households – through a value chain approach to economic strengthening. Action for Enterprise (AFE) initiated activities in the woven products sector in 2009 in response to reduced activities in the original targeted value chain, seaweed production.¹ AFE identified the woven products value chain as an appropriate point of entry to increase opportunities and income for vulnerable people, mostly rural women, by working with lead firms in the sector to increase their potential workforce through training and increase their competitiveness. The woven product sector sources from a sizeable number of primarily rural women for whom at-home work is scarce and job opportunities generally limited. Since the first lead firms AFE worked with indicated difficulty meeting existing orders without more weavers and input suppliers, this value chain activity appeared to be an opportunity for expansion of some firms' workforce, thus offering opportunities for new producers to increase their income.

STRIVE Philippines' research agenda examines the outcomes of AFE's woven product value chain activities on lead firms,² producers (primarily weavers), raw material suppliers, and their families. Specifically, it examined the questions of whether there was change in the economics of lead firms, income for households, and child well-being. Findings are based on a combination of monitoring and evaluation sources, utilizing a deep dive case study methodology. Because the use of a control group was not feasible in light of the value chain approach taken and preferences of the firms, observed changes may not be conclusively attributed to the intervention.

AFE's value chain interventions were with lead firms, not directly with producers, with the rationale that this would be an effective and sustainable way to increase employment opportunities for poor families in targeted areas. AFE signed Memoranda of Understanding (MOUs) with three woven product firms by the end of 2009, and developed close working relationships with six others over the course of the project, through July 2012. The evaluation findings are based largely on the four firms with which AFE worked for multiple years, as more time generally means greater opportunity for changes in lead firm activities to affect producer households. AFE provided technical advice through one-on-one and group mentoring and strategizing to all of the lead firms. In addition, some firms engaged with AFE to improve quality control primarily through training, increase capacity by training new producers, as well as upgrade training for existing producers, and training of new raw material suppliers. AFE also sought to increase lead firms' access to and linkages with buyers. All of the lead firms expressed a desire to continue working with AFE if the project were extended and many said they got more than their money's worth from the cost-shared activities.

¹ See seaweed sector evaluation report (2012) for findings.

² Lead firms can be defined as private sector companies that have commercial incentives to provide important products, services, support and market access to low-income producers and consumers in their value chains. AFE's approach to value chain development is based on supporting the initiatives of these LFs to develop or expand the integration of rural poor producers and consumers into their business operations, thereby improving the economic well-being of these households.

Evidence suggests that the quality control training provided the biggest social return on investment at the household and child level with an additional \$50/year spent on each child in a weaving household following training and subsequent improvement of accepted products. In addition, lead firms mostly report a positive view of prospects and some increased sales following trade shows and linkages made through the STRIVE program. Such increases may result, beyond the life of the project, in additional work for producers and raw material suppliers, the backbone of the industry.

While some of the findings were positive, the large training efforts of the biggest lead firms do not appear to have resulted in discernible changes across producer households. It is possible that the increase in available labor simply spread out the work and may have provided additional work for some new producers in the short-term, but in the long-run, absent an increase in sales, no changes were reported by those households.

In conclusion, findings were mixed across activities engaged in by AFE and lead firms, with modest improvement on household and child well-being as a result of the quality control training, and improvements at the firm level. Major lessons include: 1) need for faster and shorter feedback loops in value chain M&E; 2) create a stronger causal model from which value chain intervention activities are designed; 3) more effectively use existing data to select value chains and predict the likely beneficiaries, and 4) further research to unpack household decision making.

2. INTRODUCTION

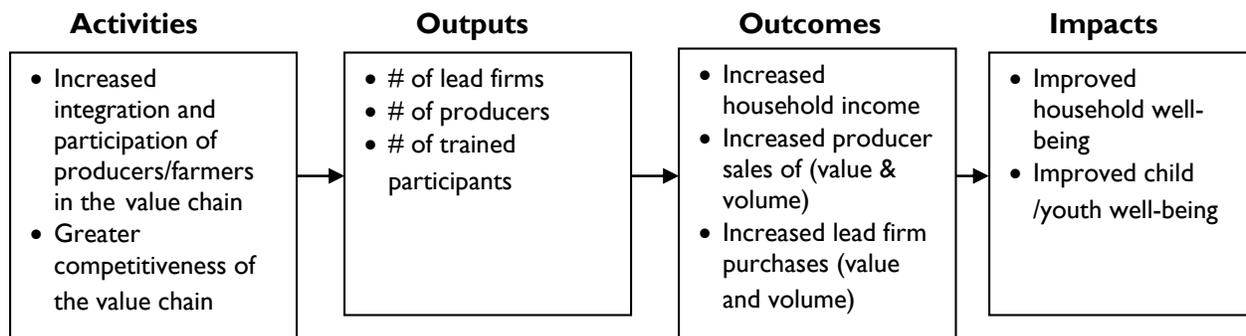
Managed by FHI 360 in partnership with Action for Enterprise (AFE), ACDI/VOCA, MEDA, Save the Children, and USAID, STRIVE is implementing four field projects in Africa and Asia between 2008 and 2013 supported by funding from the Displaced Children and Orphans Fund (DCOF) of USAID. Each project was vetted by the STRIVE Technical Advisory Committee (TAC) consisting of USAID, implementing partners and other international development specialists. The TAC's responsibility in the early stage of STRIVE was to review and provide feedback on proposed projects, and eventually approve some of them to go forward. Toward the end of STRIVE, the TAC will be engaged in reviewing learning products and recommending outreach venues.

Each STRIVE project is pursuing a unique economic strengthening approach, ranging from savings-led finance to workforce development to value chain interventions. Coupled with a robust monitoring and evaluation framework and learning strategy, STRIVE is tracking and documenting the impacts of these diverse interventions on child-level indicators related to both economic (financial), and non-economic (health, education, nutrition, etc.) vulnerability factors. As a result, STRIVE aims to identify and demonstrate interventions that can sustainably increase household incomes and/or assets and document how such increases improve (or fail to improve) the lives of children.

In the Philippines, the STRIVE M&E/IE team worked with Action for Enterprise (AFE).³ AFE takes a private sector enterprise development approach to increasing income and benefits of rural farmers or producers⁴ by promoting their integration and participation in targeted industries or value chains as well as by promoting greater competitiveness of these value chains.

2.1 STRIVE PHILIPPINES WOVEN PRODUCT SECTOR IMPLEMENTATION

The goal of STRIVE Philippines is to improve the well-being of vulnerable households – especially for the children and youth within those households – through economic strengthening. The causal model for STRIVE Philippines is based on the project facilitating and supporting key private sector actors (Lead Firms) in selected value chains to undertake initiatives to increase productivity and/or expand production of vulnerable producers that supply them. Through improvements in producer production and productivity, it is expected that their income will increase and expand the overall income and economic well-being of their households. In turn, this household-level economic strengthening will contribute to the improved well-being of children and youth within those households.



During 2009-2012, AFE worked with ten firms in the woven products sector: three firms for three and half years, two of which are large exporters, one firm for 2.5 years, three for one year, and three firms for less than one year. Most of the firms are based on Cebu and Bohol in the Visayas, while others are based further north. The following report describes the outputs, outcomes, and impacts of the intervention based on analysis of available data from monitoring and evaluation.

In October 2010, DCOF conducted an assessment of project activities and provided STRIVE with several recommendations. These recommendations and AFE's response are documented in Annex 3. Several of the recommendations touch upon the need for more information from the project's monitoring system. Specifically, DCOF recommended that AFE monitor households and children to better understand the number of households receiving income and to be aware of potential negative effects on children. AFE's response largely indicated that household and child-level data were not feasible, as AFE was working with

³ From 2008-January 2012, the STRIVE M&E/IE team consisted of researchers from the IRIS Center at the University of Maryland. Following the closing of IRIS in January 2012, the work reverted to FHI 360, which hired the lead researcher for the Philippines to complete the evaluation.

⁴ The terms farmers or producers are used synonymously but the more generic term 'producers' will be used subsequently.

lead firms, which did not collect such information; AFE did, however, indicate an investigation into and potential use of household and community-level tools to increase awareness. Beyond the presentation of the likelihood that potential new households were under the national poverty line, quarterly reports do not include additional household or community-level data.

2.2 KEY RESEARCH QUESTIONS⁵

Research questions were designed to address whether STRIVE Philippines' interventions with lead firms in selected value chains affected producers and their families, and what the mechanisms behind any changes at the household level were. The major learning questions posed by STRIVE, therefore, were:

- What is the impact of the project on participating production households (HHs)?
- What is the impact of the project on children within the participant households?

STRIVE is also interested in understanding how results occur at various links in the STRIVE causal chain. Implied by this are the following learning questions:

- How do project activities produce outcomes at the household and child levels?
- How replicable are the activities and corresponding outcomes at the household and child levels to similar value-chain based economic strengthening projects?

Methods - In order to understand why, how, and how much of outputs/outcomes were achieved by the project at the household and child level, the research team used a mixed-method approach with qualitative (why & how mechanics) and quantitative (how much) tools to understand outcomes. After exploring various opportunities to examine the counterfactual with AFE, the possibilities were deemed not feasible due to a combination of AFE's value chain approach and lead firms' preference for flexibility. In late 2009 and early 2010, the possibility of a comparison or control group in the woven product value chain was explored. Given the numbers of expected new weavers and existing weavers with no possibility to randomize who received training, the team did not see a way to examine the counterfactual. In mid-2010, the number of new trainees per location for both woven product lead bear this out in that there were not sufficient numbers of new weavers trained or coming forward requesting training to create a control group. Later, the instability of newly trained groups made comparisons impossible.

Given the remaining design possibilities, a *deep dive* case study methodology was selected. The mixed-method study includes data from a quantitative survey of some paneled producer households, focus group discussions with producers and lead firm⁶ (LF) quality control staff, key informant interviews with LF owners, managers and quality control staff, subcontractors and leaders and some weavers, participatory rapid appraisals with children, as well as the project's monitoring data. The resulting evaluation is a

⁵ See Annex I for detailed hypotheses, indicators and data sources.

⁶ Lead firms can be defined as private sector companies that have commercial incentives to provide important products, services, support and market access to low-income producers and consumers in their value chains. AFE's approach to value chain development is based on supporting the initiatives of these LFs to develop or expand the integration of rural poor producers and consumers into their business operations, thereby improving the economic well-being of these households.

combination of data from some pre-intervention and post-intervention participants across the value chain and some post-test only case studies. Additional anecdotal information is available in AFE's final report.

Limitations – Using monitoring and evaluation data without a control group means that no attribution of impact can be made to AFE's intervention. Findings are therefore limited to statements about changes in outcomes among beneficiaries. They are based on non-experimental multiple method evaluation using key informant interviews with different perspectives and experience to increase validity, and multiple rounds of both quantitative and qualitative research. Secondary data were used to identify relevant trends in the study population and the multiple methods and rounds allowed for triangulation.

Quantitative Sample – Several groups of “new weavers” were interviewed in 2010 (see baseline evaluation report) and 2011. Almost none continued to weave as a group, as many received insufficient orders and then stopped weaving or disintegrated for other reasons. One group, 33 weavers trained in Lamac and interviewed in 2010, were approached and 27 were interviewed again in 2012. The experience of weavers, both those continuing to weave and those who stopped, was captured mostly through qualitative methods.

Case Studies were conducted in July-August 2012 on quality control training and new weaver training using key informant interview guides and focus group discussions with LF staff and approximately 130 leaders and weavers out of a universe of 1,040, which gives a 90% confidence level with a 7% margin of error. A case study with one of the firms that was begun in 2011 was concluded in 2012 with five households of long-time weavers who received training on upgraded methods or new product designs.

Key Informant Interviews, Monitoring Data and Focus Groups Discussions were conducted in June 2012 with the owners/managers of all lead firms based on a list provided by AFE, leaders of weaver groups who were paneled in 2010 or 2011, and paneled new weaver groups. *Monitoring data* were collected by AFE mostly since 2009 through mid-2012. Due to concerns about violating confidentiality, raw data are not provided by lead firm. *Discussion groups* were conducted in June 2012 with two paneled weaver groups to discuss and validate findings.

2.3 WOVEN PRODUCT SECTOR INTERVENTION

AFE's STRIVE project began in the seaweed sector,⁷ but when the price of seaweed dropped in the Philippines in 2009 and the lead firms (LFs) engaged with AFE decided either not to invest or to invest very little in that sector, AFE investigated alternative value chains with the possibility of reaching vulnerable populations. Some of the value chains investigated included those in aquaculture (abalone and sea cucumber), but start-up costs and the time needed for growth and subsequent sale of harvests were prohibitive for the project. Woven products or the home decor industry, largely based in Cebu, also reaches vulnerable populations - largely rural - who produce products, gather raw materials and prepare semi-processed materials. By the end of 2009, AFE had signed MOUs with three LFs in the woven products industry including two exporters. In addition to those LFs, AFE worked closely with six other LFs: one for 2.5 years; three for at least one year, and two for less than one year. The evaluation findings are based

⁷ See Seaweed Sector Evaluation Report (2012).

largely on the four firms with which AFE worked for multiple years, as less time generally means less opportunity for change for producer households.

AFE worked individually with each LF, listening to their needs and strategizing with potential approaches to either problem solving or making improvements that would ultimately improve the LF's bottom line. The project's causal model depicts how increased orders for LFs generate more work for producers and raw material suppliers. Specifically, AFE worked with lead firms to:

- Improve products through quality control training (3 firms)
- Increase availability and capacity of producers through training new producers and training existing producers on new products or methods (6 firms)
- Increase availability of raw material or semi-processed material through training (4 firms)
- Increasing access and linkages to buyers in the Philippines and through international trade shows and an intensive design and merchandising program (4 firms)
- Improving business through mentoring and strategizing with firms (all)

The activities were cost-shared: mostly 70% by AFE and 30% by the LF. Some firms made greater use of the project than others. All expressed their appreciation for AFE's approach and especially their staff when interviewed in June 2012. Most asked if there was any possibility the project could be extended so that they could continue working with AFE, as they genuinely believed in the benefits, even if additional sales had not yet been made. All believed the producers and others connected with their business benefited from the activities they cost-shared with AFE. ⁸

⁸ The economic model used to derive the income benefits uses 42P to US\$1.

3. FINDINGS

In order to put the findings in context, it helps to understand the nature of poverty in the Philippines. Despite overall growth figures in the first decade of the 21st century, poverty strongly persists in rural areas, with “three out of every four poor persons found in rural areas.”⁹ This same decade found inequality increases in rural areas.¹⁰ According to the 2009 official poverty statistics, to stay out of poverty, Filipinos per person required 1,403 Pesos monthly and a family of five required 7,017 Pesos (see table).

# of people per household	Daily	Monthly	Annually
1	46	1,403	16,841
2	92	2,807	33,682
3	138	4,210	50,523
4	185	5,614	67,364
5	231	7,017	84,205
6	277	8,421	101,046
7	323	9,824	117,887
8	369	11,227	134,729

According to the same 2009 official poverty statistics, Filipinos needed 974 Pesos per person per month to meet their food sufficiency needs. A family of five required 4,869 Pesos a month or 58,428 pesos on the year. Between 2006 and 2009 there was a rapid inflation of approximately 26 percent in food prices, which has put a strain on the budgets of individuals and families living on fixed incomes. This is an indication of the likelihood that the budgets of poorer Filipino families are largely devoted to food.

Workers in the woven products industry who were affected by this project reported that their income from weaving largely goes to supplementary food and their children’s education. This is important to keep in mind while reviewing the findings below, which are presented by intervention starting with quality control training. Each intervention is briefly described followed by the findings.

⁹ Albert, Jose Ramon G. and Andre Philippe E. Ramos (July 2010). *Examining recent trends in poverty, inequality, and vulnerability* Policy Notes. Philippines Institute for Development Studies.

¹⁰ *Ibid.*

3.1 EFFECTS OF QUALITY CONTROL TRAINING

Quality control (QC) was an issue taken up by four of the lead firms, two of which engaged with AFE to establish extensive training programs whereby warehouse quality control staff, subcontractors, leaders and weavers received training - a total of 503 people from two LFs. The QC intervention was extremely timely in that it took place in the midst of production expansion where LFs were facing increasing international competition and just before the global recession reduced overall market demand. Cost-share provided the catalytic incentive; without AFE's support, the LFs would not have introduced the QC training program when they did.

The quality control program led to a reduction of up to 50 percent in the rejection rate of baskets/items by LFs from weavers, which in turn led to higher levels of accepted baskets. The outcome was an increase in earnings for those weavers who, by their efforts, were able to take advantage of the much-lowered rejection rate. Since leaders coordinate and manage procurement from weavers within their operating area or group(s) receive compensation based on the number of accepted items, they also saw an increase in their income. The model used in the study suggests that an annual increase of \$124 was achieved by three out of four weaver households – these are the producers who produce fewer sets than long-time weavers and leaders (see Annex 2 for supporting analysis). For the more experienced weavers who produce more sets in the same amount of time as the less-experienced producers, the model depicts an annual increase of \$248, and the respective leaders \$508, because they tend to be senior weavers as well as receiving a fee or percentage for every accepted set of items.

Since the average number of children per respondent household was 2.5¹¹ and since producers indicated they spend about half of extra income on children (see below), the model divides the estimated annual increase of income that would be spent on children in the household by 2.5 to illustrate how most producers would have \$50/year more to spend on each of their children, while leaders would have \$136 more per year per child. This model depicts what presumably occurred for those producer groups that received the same level of orders that they were receiving prior to training. AFE's monitoring data of the value of LF purchases from producers and sales volume supports the hypothesis that



Figure 1 Lead Firm Warehouse QC Boards

¹¹ 81% of participants had children with an average of 2.5 children per household. These data are similar to the 2011 census data for Cebu and Bohol.

between 2012 and, assuming a steady or increasing trend, 2013, the producers should have seen this increase.

Projected Increase in Income and Expenditure by Production Level

# workers/ level of production	set production per week post QC	Increased income per week (Pesos)	50% of increase spent for children (pesos)	Additional expenditure/year per weaver household on children (USD)	Average annual increase per child
2	2	200	100	\$123.81	\$49.52
10	3	200	100	\$123.81	\$49.52
14	4	200	100	\$123.81	\$49.52
6	5	200	100	\$123.81	\$49.52
2	6	200	100	\$123.81	\$49.52
1	5	550	275	\$340.48	\$136.19

The table below illustrates how the increase in income affects households based on the national poverty line. The table below depicts the producers and leader in an example production group¹² where the leader's experience is illustrated in the bottom row. The shaded rows illustrate how most weavers tend to make fewer sets per week: 10 producers in an average group complete two accepted sets, while 14 produce three accepted sets. The more acceptable sets they produce following the quality control training, the larger their increase in income and the greater the effect on their household's economic wellbeing as measured by the national poverty line.

# workers/level of production	sets/week accepted prior to QC Training	% above or below poverty line BEFORE QC Training	sets/week accepted after QC Training	% above or below poverty line AFTER QC Training
2	1	-20%	2	-14%
10	2	-14%	3	-9%
14	3	-9%	4	3%
6	4	3%	5	20%
2	5	20%	6	37%
1	4	60%	5	122%

Primary effects of the QC training were:

- I. Improvement in overall productivity
 - o Reduction in total number of rejects and/or defective products
 - o Increase in overall productivity
 - o Faster deliveries or on-time deliveries
 - o Reduction of material and resource wastage

¹² The actual number of producers per group ranges from 20 to 50. This average was used to develop the economic model on which these findings are based. For further detail on how income prior to and after QC training was derived, see Annex II.

2. Improvement in communication and interpersonal dynamics

- Fewer arguments between Leader and QC staff
- Setting standardized quality control specifications - clearer expectations lead to fewer misunderstandings
- Clearer expectations and roles
- Better understanding of the production process

"Before the training, what we see as a defect is that when baskets are (*hiwi*) crooked, then it was only during the training that it was explained – what to do, what to change, what to eliminate/ scrape the black blemishes, balance the color, materials to be used that would match the color."

As one participant added, "although we can initially determine defects, but the QC who checks our baskets would not explain why they are rejected [agreed by all]; it was only during the training that they were explained."

All of the focus group discussion (FGD) participants testified to the considerable detail on offer in the quality control training sessions. For example, weavers learned why a basket was rejected. The criteria for rejection, some were surprised to learn, were quite specific, such as spacing between the weaves and the moisture of the materials. Numerous weavers interviewed in Cebu and Bohol at the end of the project expressed dissatisfaction with the frequency and sufficiency of communication they receive from leaders. When a LF decides to expand production capacity, it typically looks to existing known and trusted (successful) leaders of groups. In many cases, someone they know is interested - for instance, a relative or a relative of an existing leader - people who are not typically vetted for their communication or leadership skills, but who have the interest and sufficient cash flow, in some cases, to start a group. Based on the case studies, discussions and interviews for this evaluation, it seems reasonable to conclude that "successful" groups have leaders with good communication and leadership skills and who know how to weave, as they can best mentor the group. One of the least successful groups paneled during the study fell apart largely due to the lack of weaving knowledge and business capability of the sub-leader, the brother of the leader, who wanted to "help" his brother and the brother's community. The group's demise left bad feelings all around: between weavers, between weavers and the sub-leader and his wife (also a weaver), between brothers, and with the LF, which insisted the group was still receiving orders, though the leader clearly was sourcing from another (long-standing) group.

Weavers who participated in the QC training appreciated that the LF company representative explained the whole process from the supply of raw materials to the delivery to overseas customers. They were impressed when someone from one of the overseas buying companies emphasized for them the importance of quality control. Training included discussion of budgeting of materials and how to make repairs. *A positive spillover resulted from the QC training in that participants agreed that they shared many of the insights with weavers who had not participated in the training.*

Other gains expressed by leaders and weavers include:

- Reduction of lost time and material wastage due to the need for fewer repairs. The time freed up allowed for additional production.
- Increased income from being paid for more baskets, due to fewer rejections and also the increased production due to time. Men (88%) were more likely to say income had increased than women (53%).
- Spending more on children. One group discussion revealed a formula: "with every 100 pesos [\$2.38] increase, we spend 40-50% more on milk, school, food for the children." This is representative of all of the findings with weavers whereby weaving income is largely supplemental and permits the purchase

of food stuffs they would otherwise not have: milk, coffee, dried fish were commonly mentioned. The gains from QC are not sufficient to send older children to school, e.g., local college, just as weaving income alone is insufficient for this purpose.

- Additional income being known in the community means an extension of credit from the sari-sari (local small store) and possibly other sources.

Lead firm owners and managers from the four LFs who undertook some QC activity, ranked it either first or second in significance among all of the activities they took up with AFE assistance. One said “it really improved our capacity. QC rejection rate was 15-20%; now it’s 3-4%.” Others remarked on improved relationships with buyers: “Used to be we had to open everything; now they do random checks,” said a LF owner, who noted that they save money and time as a result of improved quality control. As noted above, money is largely saved by reducing material wastage and time. Money is earned by improving the relationship with buyers by consistently providing quality products.

3.2 NEW WEAVER AND RAW MATERIAL SUPPLY TRAINING

The new weaver training successfully increased the number of producers, which was an objective for LFs with orders that could not be fulfilled as quickly as buyers’ wanted. While the training was designed to increase the number of workers, which it did, there may have been the unintended consequence of suppressing wage rates in a monopsony¹³ labor market. If a labor market is already monopsonistic, an increase in labor supply will depress wages but also increase employment. The increase in employment will come from those with low enough reservation wages¹⁴. In the case of weaving, this would be housewives or the elderly. While new workers at lower wages (absent any coercion) will be better off than without this employment, a productivity increase from training existing workers (like the quality control training discussed above) could improve both wages and employment and still meet the desire for at least normal profits. AFE’s lead firm interventions were not designed to address the conditions of the labor market, but rather to boost the sustainability of the lead firms by increasing their capacity to meet demand and thus maintain or increase their share of the market.

In addition, competition from other countries like Vietnam, which produces similar products at lower costs, resulted in international buyers offering lower prices for products for which they sometimes had previously paid a higher per piece rate. Lead firms had to choose to accept new or lower-than-expected prices based on discussions with their subcontractors or leaders. In some cases, LFs rejected the offers, resulting in fewer orders, which meant less work for producers.

While new weavers appreciated the opportunity given them and found the training valuable, as a whole, they did not derive economic benefits in terms of an increase in household income, assets or expenditures. Due to the combination of the economic downturn and reduced buying prices, fewer sales were made by LFs, and six months after training, many of the new weavers were no longer receiving orders.

¹³ A monopsony is a market similar to a monopoly except that a large buyer rather than a large seller controls a large proportion of the market, which drives the prices down. The LFs that participated may have been the strongest employers of woven products in the Cebu area, but not necessarily in The Philippines. Producers are limited to existing networks in the areas in which they live.

¹⁴ The lowest wage at which a worker or producer will accept work of a particular type.

Which weavers were most satisfied?

Respondents most satisfied with their current level of work and income were rural women, aged 35 to 49, who have worked one to five years, have three or fewer children, and for whom weaving is their primary source of income.

In terms of "new" weavers, those who received training without having any or much previous experience:

- Women (35%) are more likely than men (20%) to say they see an increase in income
- Men (73%) are more satisfied with the level of work than women (44%)
- Rural weavers (62%) are more likely to be satisfied with the level of work than their peri-urban counterparts (31%)
- Women report that they would spend additional money on children (55% compared to 22% for men).
- 35-49 year old weavers perceive a benefit from weaving (56%) compared to 18-34 year old weavers (3%)

The least satisfied were young male weavers, 18-34, in semi-urban areas with no children.

In contrast, the QC Case Study suggests that leaders, sub-contractors, and in-house LF staff, men (50-64 years old with 6+ years' experience, and 3 or more children) were the most satisfied uniformly across rural, peri-urban and urban areas.

As a result of the downturn in orders and of rapid expansion of weavers and suppliers available to the largest local employers, entry into the weaving industry may have proven a mixed blessing to many of the new hires in terms of boosting their income. The situation may rectify itself if, as current sales would suggest, demand has increased. Such a rise in demand would bring more weavers and suppliers from either no or occasional employment to either occasional work or full-time, assuming international buyer prices are acceptable to LFs and producers. This is the most positive potential future with regard to new weavers. Weavers who have continued to weave and those who stopped express a desire for more weaving work. It remains to be seen if *these weavers* will receive orders or if LFs can fulfill the orders with experienced weavers or train new groups. *The issue of good communication and leadership described above plays a role in those decisions.*

Look at the picture of those who did not receive work or are no longer weaving and why. For the three LFs with which AFE had the longest relationships:

Training Type	# trained	# working	Primary reason new weavers not working ¹⁵
New Weaver Training	410	24	For 7 groups - value for time & number of available livelihood options For 4 groups - characteristics of the relationships within the value chain For 1 group - lack of purchase orders & value of POs For 1 group - lack of raw materials
Upgrade Training, new design or material	240	70	For 2 groups - lack of purchase orders & value of POs For 1 group - value for time/livelihood options For 1 group - lack of raw materials For 1 group - characteristics of the relationships within the value chain
Raw Material Suppliers ¹⁶	147	0	For all groups - value for time

Findings are similar for one of the other LFs where three percent continue to work, but for another LF 45% continue to work, the highest among all the new producer training. Reasons for producers ceasing to work are similar: the more livelihood options are available, the greater the turnover, and the perception of value for time and the frequency of pay were the primary reasons for producer drop out. Many of these producers live in urban areas where more opportunities exist, so when an opportunity, like construction, becomes available, producers drop the lower-paying work for the higher-paying, however short-term. Knowing this, LFs may be more likely to train those interested in an income generating opportunity in rural areas, though this increases LF's costs in terms of transportation and possibly training and quality control (see Which weavers were most satisfied? above).

3.2.1 The Case of Lamac

The case of Lamac illustrates the experience of many groups whereby few of those trained continue to weave; how for those who do weave, the income is their primary income and considered essential in their household; the importance of relationships among weavers and leaders, and how weaving income affects (or does not affect) children. One of the new weaver training groups was in Lamac on Cebu. Lamac is a very remote mountain community, or *barangay*, southwest of Cebu City. For the community sampled in Lamac, weaving is not the primary source of income, most likely due to the multipurpose cooperative based in Lamac. The community has a higher level of education (average of some high school across all

¹⁵ The information in this table is a result of many hours of coding by AFE staff following one day of training with the lead evaluator in June 2012.

¹⁶ This is for only one of the LFs though interviews with AFE staff suggest the experience was similarly challenging across LFs. Raw material suppliers were not directly studied, so any gains to them are understood to exist based on the theoretical model that when LF sales increase, orders increase, and therefore the need for raw materials and semi-processed materials increases. Those supplying materials would thereby experience more or more steady income.

respondents) relative to the other initially sampled new weaver groups. Weavers were almost exclusively women and almost all married.

Demographic Characteristics of Lamac Weavers

	Average Household Size	Average Number of Children 18 years and under in household	Reported Average Annual Household Income (pesos)	Reported Average Annual Income from Weaving in 2011 (pesos) (% of total income)
Endline 2012	3.75	5.01	71,629	3991 (5.6%)
Baseline 2010	3.67	4.72	63,626	0

Of 27 weavers (of the 33 paneled) who were located and interviewed in 2012, four were still weaving. Another five had moved and one was on vacation. While three provided no reason for stopping, the others sincerely described their experience. Of the 23 who were not weaving, nine said they stopped due to a lack of materials or low quality materials and rejections. This was refuted by the four women who continued to weave who said there were more materials than the remaining weavers could handle. In separate interviews with these women, they said that many who attended the training did so to "follow" the others, not because they wanted work. These women are grandmothers with school-aged grandchildren whom they help with small amounts of money for extras: school projects and snacks. Their children also help them to sustain their lifestyles. The interview took place in one of their homes, which had windows, electricity and a television. Another five no longer weaving said the wage was too low, so they looked for work elsewhere. Another six stopped due to health issues: their own or others for whom they cared.

There was a consensus that weaving improved their income, but since most of them have stopped weaving, or were not weaving regularly at all, the improvement in income did not actually materialize or was not sustained. Two of the women, who are no longer weaving, with younger children at home and at school, said the leader failed to explain anything to them, especially the reasons for rejections, so they felt they were working for nothing, as most of what they produced was rejected. One of them expressed doubt about the honesty of the rejections. One of these women and another woman are doing laundry now and both said they would return to weaving if good materials were provided and information about how to avoid rejections.

Based on this, it is not surprising that none of the household and child well-being indicators changed over time. The weavers and children during post-intervention discussions did not feel that there had been any changes in the last two years.

Poverty Likelihood in Lamac¹⁷

Line, pesos/day	Households falling below the line 2010 (n=27) ¹⁸	Households falling below the line 2012 (n=27)
National line, 39.52 pesos/day	55.2% (15)	66% (18)
Food line, 25.72	26.0% (7)	36% (10)
USAID "extreme" line, 27.59	23.1% (6)	32% (9)
\$1.25/day/PPP, 28.36	31.4% (8)	42% (11)
\$2.50/day/PPP, 56.72	76.7% (21)	85% (23)

The local research team saw this group as a missed opportunity for women to help each other learn how to troubleshoot and resolve their weaving problems. The group began by weaving in one location together where they could help each other, but for whatever reason the work continued privately in their own homes. They did not know why they were no longer working as a group.¹⁹ They prefer to work together and appreciate the opportunity to create a bond between them. The evaluation team attempted to meet with the leader on multiple days in both Lamac and Cebu, but he did not show at the agreed-upon place within two hours of the time set, so additional information or verification beyond interviews with the LF owners was not possible. The LF owners reported Lamac as their best new weaver training site indicating that 30 of the 60 people trained were still weaving, which is contrary to reporting from AFE and the weavers themselves.²⁰

3.2.1.1 How Children spend their time in Lamac

Of the 66 children of Lamac weavers in the study, three are engaged in child labor²¹ according to their parents' reporting of how they spend their time. Those engaged in child labor are highlighted in blue. The table shows child labor increasing among children ages 5-11 (both sexes) between 2010 and 2012. All children reportedly do household chores, many in addition to economic activity. The labor categories below are not mutually exclusive: economic activity includes weaving, as well as all other reported economic activity. Parents were asked about time children spend helping with weaving in two ways to check against each other. In 2010, there was no reporting of children helping with weaving, as expected at baseline. At endline, the number of hours parents reported the children helped was the same for 5-11 year olds regardless of how the questions were asked, but for the older children, parents reported much

¹⁷ The PPI is a score that determines the likelihood that a household is below a given poverty line. The PPI score is based on a series of questions from the Philippines Annual Poverty Indicators Survey. For more information see <http://www.povertytools.org/project.html> and <http://progressoutofpoverty.org/>.

¹⁸ For comparison purposes, the PPI was recalculated for 2010 to remove those households that could not be interviewed in 2012.

¹⁹ AFE staff noted that it is rare for groups to weave together. It is largely a home-based business, though weavers in another evaluation site were interviewed in a covered location where multiple looms were available.

²⁰ This was the one interview with LF owners and managers that the evaluator found to be less than completely sincere.

²¹ Per UN definition (<http://www.childinfo.org/labour.html>), age 5-11 years: engaged in any economic work or 28 hours of domestic work per week; age 12-14: at least 14 hours of economic work or 28 hours of domestic work/week; age 15-17: at least 43 hours of economic or domestic work/week.

lower numbers when asked specifically about children's time helping with weaving compared with asking about how each person in the household spends his/her time across several economic and household activities: 35% and 40% respectively for 12-14 and 15-17 years olds less time reported when asking specifically about children helping with weaving.

Lamac January 2012 Endline (hours/week)								
Age	Male				Female			
	Weaving (n)	Economic Activity(n)	Household Chores (n)	N	Weaving (n)	Economic Activity (n)	Household Chores (n)	N
5-11	2.5 (1)	2 (2)	12 (6)	14	2.5 (1)	2.5 (1)	7 (9)	20
12-14	7 (3)	8.9 (5)	16 (4)	9	3.5 (3)	5 (3)	17 (6)	7
15-17	0	0	9.5 (3)	4	9 (5)	11 (5)	13 (8)	12
Lamac January 2010 Baseline (hours/week)								
5-11	0	0	20 (4)	24	0	0	23 (3)	17
12-14	0	7 (1)	4 (2)	3	0	0	24 (6)	11
15-17	0	56 (1)	32 (1)	6	0	0	4 (1)	5

None of the child well-being indicators changed between 2010 and 2012.

3.2.2 Role of Leadership in Success of Producer Groups

This case illustrates the critical role of the leader, or those people in the value chain between the producers and the LFs. People in one rural town on Cebu were offered training on how to weave a simple basket when an existing leader and brother of a local man suggested his brother could be a sub-leader and put together a group to be trained. A third brother was also involved as a financier. Through interviews, all appeared to genuinely believe that this was a great opportunity for the local people. The sub-leader, leader and their brother who lent them money, all said they took a large financial loss due to rejects and the drying out and subsequent breakage or shrinkage of material. They indicated they had to pay to have the order repaired in order to meet the contract with the LF.

The weavers' story is similar though they expand on the woes to say that the children of the sub-leader were paid to gather the material and they did not properly select good quality material, which led to poor quality products and rejections. They also said there was favoritism with regard to sharing of materials. While the LF repeatedly said that this group was working, everyone else in the chain agreed that they were not receiving orders. The leader said he was willing to train the group when materials were available, but the sub-leader said he would prefer to be a weaver and not a sub-leader, thereby foregoing the additional income of a sub-leader and also the responsibility. Among all those interviewed, he is the one person who, if he could go back in time, would choose differently. **Despite the lack of substantial and consistent income, new weavers across the LFs said they appreciated the opportunity and would take up weaving again - but they would like a better price for the products, good material, and reliable information.**

3.3 THE EFFECTS OF TRAINING FOR NEW DESIGNS/MATERIAL

Lead firm owners and managers for the six LFs engaged in “upgrading” report this training to have been effective and valuable to their business, allowing the firms to expand product lines, create new product lines, and increase buyers' interest in their products. Evidence for this is found in the number of samples requested, showing of new products in multiple venues and reporting of LFs of ongoing communication with potential new buyers.

One such training and business model combined includes training weavers on a more complex design and bifurcating responsibilities between weaving and raw material preparation. The evaluation team investigated the experience of one such group by selecting six weavers with whom in-depth interviews were done in mid-2011 and again in mid-2012. The randomly selected weavers were chosen from a list of weavers representing rural and peri-urban areas on the same island. Prior to the intervention, weavers prepared their own materials for weaving. Nearly everyone in the system: the LF owner, an assistant, the two leaders in the area and most of the weavers prefer the new system of dedicated weavers being supplied with prepared materials. They say the system is more efficient and weavers can increase their output. There are two pathways to rising income for weavers from this training: 1) weaving earns more than material preparation and 2) the more complex design commands twice the price as the simpler design. In addition, this system provides an opportunity for new businesses to engage in the value chain, though it appears that the existing LFs provided raw materials by expanding sources, so individual providers likely benefited.

Weavers' response to the system in 2011 was unanimous and the six weavers represent two areas with different leaders. They felt they could produce and earn more and the materials were reasonably well prepared, though expensive, as the cost of materials is now deducted from the price of the completed items, rather than being under the weavers' control. In 2012, the response was mixed. When orders are plentiful and the materials provided are good, then they can earn more by weaving. If, however, orders are not plentiful, they could earn more doing both weaving and material preparation. If materials are not well-prepared, the price can be negatively affected, which thereby reduces the weaver's income. If a leader does not have materials, then the weaver must wait, unless she can get materials from another leader in the area. Weavers often produce for more than one company and, as seen among new weavers (above), they may have a stronger relationship with the leader than with the firm, though these weavers interviewed in 2011 and 2012 know the names of the firms to which they sell (unlike many new weavers), frequently selling to more than one LF at any given time in order to have regular full-time work.

The six weavers who were interviewed in both 2011 and 2012 reported that their overall well-being, both household and their children, had not changed in the last two years. As other weavers have said, weaving income is valuable for helping with children's schooling (travel costs, fees, extras) and for extra foods like *viand*, food that is eaten with rice. *For some, there was no change in income, while for others it had decreased due to reduced orders, lack of supplies, loss of transfers from others, or loss or reduction of another household income source. Weaving remains strong in the area.* Five of the six households rely strongly on the income, though it is one of many sources, or supplemental income. It is still seen as a necessary one in that it largely covers food and in some cases school (as described above). All of the weavers would like to see their children complete high school and possibly college, but they do not see how that is possible given the cost. This statement was made by most of the weavers including those in rural areas living in houses

that would likely categorize the family as well below the poverty line, as well as those in "strong" houses with windows, electricity and television.

3.4 THE EFFECTS OF MENTORING AND LINKAGE SUPPORT

AFE engaged the lead firms directly and through repeated personal contact and consultation. There is no substitute for consultation and research. AFE was very thorough in their approach to understanding the needs of the lead firms and how to address them. LF owners, managers, quality control staff and designers were interviewed at the end of the project, so as to hear multiple perspectives from LFs. The engagement of AFE with the lead firm management was a success story at that level of project activity, given the high praise they offer, including comments like "We would wish that they [AFE] could stay longer. We don't really get the support that we get from them. It's very – we don't really get this from our government. Here are some NGOs, but they are all political. They [AFE] helped us without expecting anything from us." One of the common themes from interviews with LF respondents was that they had participated in NGO or government-sponsored seminars in the past, but they "came to nothing."

Seven of the eight LFs interviewed in June 2012 expressed a desire to continue working with AFE. They were not asked directly: they either asked about a program extension or if AFE could stay longer in response to a question about whether they would do anything different, make any different choices, if they could go back in time, or they made statements at the end of the interview when they were asked if there was anything they would like to add.

Lead firm owners, managers, production or design staff also said that the cost share was fair. When probing, *five of eight said they would pay more knowing what they know now, because the benefits far outweighed the cost.* Only one said an increase in cost share would make it difficult to participate. One added that they would only pay more for the quality control training compared with the other activities, as it provided the most benefit. With regard to quality control programs, the two with the largest training programs ranked that activity first among the many they engaged in over 3.5 years. The other two for whom quality control meant a seminar or one-day training at their place of business, as opposed to extensive training throughout their business, ranked it second among three or more activities.

"I started too late and wish I had more time. We thank all the good people who supported AFE and the employees of AFE. I think the economic crisis was too difficult for people in the industry," said one LF owner when asked if she had a time machine, would she do anything differently. Three of the more experienced exporters referred to their industry as a "sunset industry." One indicated that it definitely is, saying that there were 14 exporters in Cebu alone four to five years ago and "now there are only two big ones and three smaller ones. A lot of big ones went into real estate, tourism, agriculture. It's hard to get out of this business, because it's very personal." *Yet international buyers continually ask for discounts and with the rising cost of transportation, fuel and materials, the only place to cut costs is labor. This particular respondent acknowledged that weaver requests for increases in the piece rate are fair vis-à-vis needs and fair wages, but the firm must make choices about whether to sell or not, especially given competition from Vietnam, which has an abundance of low-wage labor and raw materials.* Another respondent said "Some say this is a sunset industry, but I don't believe it. We are probably the only ones to help, except maybe construction, but that's in the city; we go to their homes."

“Good thing about AFE, sit down and analyze things. Was not clear to us how to address problem. We sit down. Then they call us back and say we think this is the problem. Develop a syllabus. What are things to watch out for. They gathered data from us and they did analysis. We don’t have extra man power for that.” - *LF owner*

Lead firms acknowledged their role and responsibility with regard to producers and material suppliers who are in need of steady income for which weaving, material gathering and preparation, in-laying of shells and other raw materials, and other home-décor industry activities may offer an opportunity. With the exception of one interview, all of the respondents appeared genuine, open and sincere. They shared their companies’ stories and their experience with AFE-sponsored activities by describing them and ranking their

importance and the effects on their business, employees, subcontractors, producers and material suppliers. Most were reticent to discuss the cost share until they realized they were not being asked to change it, but just to provide a sense of the value for money they received. Most said the value was greater than the expense. For those with multiple activities, they tended to rank discrete activities like training, but when asked more generally about how their business had changed, many said they now “stop and think” about the value of something: accepting an order at a less-than-desired price point; who their market is and the value of their products; how they think about their company and products and how they want others to perceive them – and how to make it happen.

Sales, of course, are key to succeeding in an increasingly competitive global marketplace. All of the firms interviewed said their business was “better” in some way. For a few, that translated into existing increased sales. For the rest, they were positive the sales would be forthcoming. This was especially true of those who participated in the international trade fairs where respondents said they made or renewed connections with buyers, which for some resulted in requests for samples or orders or ongoing negotiation or communication. The two smaller firms who participated in at least one show ranked it first or most important, while the two larger firms ranked it third, below quality control and expanding production or product development.

4. CONCLUSIONS

The observable findings across stakeholders from the STRIVE Philippines evaluation were mixed. While stakeholders including lead firms and producers showed an appreciation for AFE-supported activities, observable results on producer households were limited to the quality control activity. The quality control training was the most directly beneficial for producers in terms of providing income, as they reported a discernible increase in income, which is supported by the model created based on monitoring and evaluation data. An estimated 12,000 children²² would have seen increases in their households' income due to the quality control training, assuming the information was spread through additional (non-supported) training and word-of-mouth, as reported in interviews and group discussions, and assuming the increasing trends in purchases from producers and sales revenues continued through 2013. Based on the model, most households would have spent an additional \$50 on each of their children annually, which is significant given the poverty rates in rural areas where most producers live (see discussion under 3.1 Findings). For lead firms too, observable change included reduction of material wastage, time for repairs and time to deliver products to buyers, as a result of improved quality control processes. The other observable change was a modest sales increase in some cases.

Other observed changes were limited by the study methodology, which does allow, however, for the expression of benefits by stakeholders. Despite the lack of work for most “new” producers – people trained in weaving or in-laying during this project – those trained said it was an opportunity to earn something, which for many is better than no opportunity at all, even when the wage serves as supplementary income only. They further expressed a belief that the training itself might be valuable over time. If orders increase, as suggested by all lead firms, the producers might see more work and therefore income.

Perceived change, as expressed by lead firms, includes improved client relationships as a result of improved quality and the belief that new or renewed linkages with buyers would result in increased orders. Other lead firms expressed a view that improved business processes and products would have a positive overall effect over time.

²² AFE's monitoring data contained approximately 6,000 producers to whom the quality control techniques taught in the training could have been transferred. The average number of children reported by producers who participated in the research ranged from 2.8 for rural participants, 2.2 for semi-urban and 2.3 for urban participants. The potential number of children who could be affected by a reduced rejection rate stated herein, 12,000, is an estimate based on a combination of the monitoring data, reports by research participants (70 out of 503 trained in quality control), interviews with lead firm owners and managers about the training, and with AFE staff.

5. LESSONS LEARNED AND RECOMMENDATIONS FOR FUTURE LEARNING

Recent work on monitoring and evaluation of value chain projects from the GROOVE Learning Network²³ suggests that some of the essential qualities of M&E for value chain projects must be shorter, faster feedback loops, and measuring the quality and depth of change, in addition to the incidence of change.²⁴ Adopting methods that serve these goals in monitoring systems and evaluations will increase the value of project M&E. In addition, the GROOVE Learning Network reminds practitioners of the need for careful design of M&E systems, and to avoid the “get the project going” approach without careful M&E system creation. Finally, a hallmark of high-quality M&E is the minimization of barriers between field staff and M&E staff and internal or external evaluators. Good quality data and tacit knowledge are best generated from the interaction between field staff and M&E staff, in addition to research.

5.1 CREATING BETTER FEEDBACK LOOPS WITH MONITORING

One major lesson is to see STRIVE as an example of the value of including households and children in the monitoring system. While the evaluation examined change across value chain actors through information gathering at all levels of the value chain, the monitoring system relied on lead firm reporting. The data provided by lead firms was at an aggregate level. Firms do not have an incentive to collect data for subsets of people within their chain: such as subcontractors, leaders, producers or raw material suppliers. Yet these data would have been highly valuable for AFE in tracking change over time and in understanding the origin of the change. Such a database, if it included what interventions each person or group partook in, would have allowed for comparisons and a potential control or comparison group with which to measure change. The resulting change might then have been attributable to project activities. It also would have provided shorter and faster feedback loops as described (above) by the GROOVE Learning Network as essential to high-quality value chain M&E. This information might have alerted STRIVE earlier to the difficulties with the new weaver training, for example, and that it was not effective in changing household income and child well-being.

Recommendation 1: *Create faster and shorter feedback loops with detailed (disaggregated) monitoring at multiple levels of the value chain.* Implementers work creatively with firms and others in the value chain to create systems through which the project obtains useful information that is not perceived as unnecessary to the people collecting, providing and storing information. The first step is to discuss what positive change would look like with participants across the value chain. This process may also reduce the number of

²³ The GROOVE Learning Network is a USAID-supported initiative of the Knowledge Driven Microenterprise Development project.

²⁴ Groove Learning Network (2012). 5 Things Every Practitioner Should Know about M&E for Value Chain Projects. <http://microlinks.kdid.org/library/five-things-every-practitioner-should-know-about-me-value-chain-projects>

indicators for the project, thus limiting data collection, to likely positive and potential negative (what to watch out for) indicators of change.

5.2 CREATE A STRONGER CAUSAL MODEL

Our understanding of how to design pro-poor value chain interventions has grown in the last five years. Many activities are now designed with a greater understanding of the vulnerabilities and potential of the vulnerable population that we want to reach, how they may be integrated into a value chain and how the nature of the value chain itself (stability, governance structure, price points, etc.) affects the likelihood of positive impact for this population. While a "light touch" may be desirable in terms of the technical assistance facilitation, recent evidence shows that vulnerable populations require mentoring and an intervention that is tailored to their aspirations.²⁵ Mentors may be identified from within the community, or from Lead Firms, or they may be part of a program's technical assistance, at least in the short-term.

Recommendation 2: *Use current thinking including a well-articulated business plan and project causal model to appropriately integrate vulnerable populations into value chains.*

5.3 USE EXISTING DATA TO TAILOR PROJECT FOR DESIRED BENEFICIARIES

Another lesson concerns targeting beneficiaries and the desirability of designing activities based on known data. The Philippines has national-level data sets with valid data down to local levels with measures of vulnerability, poverty, food security, etc. Those data could have been used more effectively to aid the project's second value chain selection, as well as predicting where people would likely benefit most from taking part in value chain activities. As AFE describes in the project's final report, the woven product sector was lean by 2009 with little opportunity to change prices, which meant no change in the piece rate was possible, yet woven product income is supplementary, not primary: in the current value chain structure, producers reported that it cannot produce a living wage. Additional assessment to determine under what conditions working in this sector could economically benefit producer households might have changed the choice of sector, altered the possible cost-shared activities made available to LFs, or changed the geographic focus. For example, rural women with children who want to "work at home" find the supplementary income helpful, because they prefer to be at home, while young men without families prefer any job that would allow them to make a living and support a family. The key difference is that some women may reduce the vulnerability of their households with this supplemental income over an extended period, while some men will weave only until they can avail themselves of a "better" economic opportunity.

Recommendation 3: *Tailoring value chain interventions for vulnerable populations is a challenge, but poverty, vulnerability, food security data, etc., can be used in the decision-making about which value chains to consider. Understanding the population and its likely role in the value chain is necessary to understanding how these ultimate*

²⁵ See Integrating the Very Poor into Value Chains Field Guide: [http://agrilinks.org/sites/default/files/resource/files/Field%20Guide%20FINAL%20with%20bleed%2010.17%20\(1\).pdf](http://agrilinks.org/sites/default/files/resource/files/Field%20Guide%20FINAL%20with%20bleed%2010.17%20(1).pdf) and the model presented in the Agricultural Value Chain Finance: Tools and Lessons also includes mentoring: <http://www.fao.org/docrep/017/i0846e/i0846e.pdf>. STRIVE Liberia's ACE program implemented by ACDI/VOCA increased its presence among farmers after learning that direct training and mentoring was needed.

beneficiaries may be affected by potential program activities. A key question is "what is the turning point" for producers and can the facilitation lead to that point to make participation valuable for that population?

5.4 RESEARCH TO UNPACK DECISIONMAKING WITHIN THE HOUSEHOLD

The final lesson may be common across STRIVE projects. While evidence supports the link between household economic well-being and child well-being, little is understood about how household economic improvements translate to improvements for children's health, nutrition and education. Evidence is needed to examine some hypotheses, like the role of gender and decision-making regarding financial choices, and the role of time. In the Philippines, women said they would spend up to half of the "extra" income on children, while men were half as likely to spend more on children. This suggests that how financial decisions are made - jointly or with one or the other gender with more influence - could make a difference for child outcomes.

Recommendation 4: *Involve children, families and communities in defining household and child well-being so that measures of program success codified in monitoring plans and evaluations are grounded. Involve local stakeholders with child-focused missions in program monitoring, which may provide an early-warning system to potential adverse effects, but also to locally-based community shocks (e.g., school closing, crop failures, etc.) and the existence of other programs. This monitoring information is valuable to the overall understanding of the system in which the program is working. If the system is set up with a robust evaluation design, then tracking a small number of households in-depth is feasible and will add to our understanding of what occurs within the household. This in turn will provide potential means of influencing members of the household so as to encourage decisions and behavior that would result in improved child well-being.*

6. ANNEX I: HYPOTHESES & RESEARCH METHODOLOGIES

The following table presents a set of testable hypotheses to address the main research questions as they relate to AFE's intervention in the Philippines. The chart also lists indicators, sources of information, and research tools that will be used to study each hypothesis.

Hypotheses	Indicators	Sources of information
Hypothesis A: AFE's intervention expands production in the Philippines.		
<i>Sub-hypothesis A1.</i> AFE's intervention increases the production of producers	Changes in production <ul style="list-style-type: none"> – Change in the volume of lead firm purchases (seaweed) – Change in the value of lead firm purchases (seaweed) – Change in the value of lead firm purchases (woven prod) – Change in the value of lead firm raw material purchases (woven prod) 	Reports from lead firms (monitoring/AFE) Key informant interviews with suppliers (monitoring/AFE)
<i>Sub-hypotheses A2.</i> AFE's intervention increases the number of producers	Change in number of producers (no change in number could indicate maintenance of existing producers, or movement in & and out of value chain) <ul style="list-style-type: none"> – Change in the number of seaweed farmers – Change in the number of weavers 	Reports from lead firms (monitoring/AFE) Key informant interviews with suppliers (monitoring/AFE) Focus Group Discussions/key informant interviews with HHs (Case study/DCG)
<i>Sub-hypothesis A3.</i> AFE's intervention increases the sustainability of existing and new producers	Change in sustainability of producers (sustainability of the lead firm will help to ensure sustainable market access for producers) <ul style="list-style-type: none"> – Change in the volume of lead firm sales (seaweed) – Change in the value of lead firm sales (seaweed) – Change in the value of lead firm sales (woven prod) 	Reports from lead firms (monitoring/AFE) Key informant interviews with suppliers (monitoring/AFE)

Hypotheses	Indicators	Sources of information
Main hypothesis B: AFE's intervention increases producer productivity in the Philippines.		
<i>Sub-hypothesis B1.</i> AFE's intervention increases commercial access to raw materials.	Change in raw materials sold <ul style="list-style-type: none"> – Change in quantity seedlings sold/distributed (seaweed) 	Reports from lead firms (monitoring/AFE) and/or derived figures (from sales)
<i>Sub-hypothesis B2.</i> AFE's intervention increases use of improved technologies	Change in technologies used by producers	Reports from lead firms (monitoring/AFE) Validations through Focus Group Discussions (FGDs) with intermediaries (monitoring/AFE) Training feedback loops (monitoring/AFE) On-farm observation (monitoring/AFE) FGDs/key informant interviews (KIs) with HHs (Case study/DCG)
Main hypothesis C: AFE's intervention increases sales.		
<i>Sub-hypothesis C1.</i> AFE's intervention increases lead firm/intermediary's knowledge and skills.	Change in lead firm/intermediaries' methods and/or business	Key informant interviews (monitoring/AFE)
<i>Sub-hypothesis C2.</i> AFE's intervention increases lead firm/intermediaries' sales	Change in volume & value sold by lead firm/ intermediaries <ul style="list-style-type: none"> – Change in the volume of lead firm sales (seaweed) – Change in the value of lead firm sales (seaweed) – Change in the value of lead firm sales (woven prod) 	Reports from lead firm/ intermediaries (monitoring/AFE)
Main hypothesis D: AFE's intervention improves well-being of participating producer households.		
<i>Sub-hypothesis D1.</i> AFE's intervention increases income from targeted value chain.	Change in volume of production sold by producers	Focus Group Discussions/ key informant interviews/ questionnaire (Case study/DCG)

Hypotheses	Indicators	Sources of information
<i>Sub-hypothesis D2.</i> AFE's intervention increases the likelihood of targeted value chain as a primary source of income	Change in ranking of targeted value chain among sources of income	Focus Group Discussions/key informant interviews/questionnaire with HHs (Case study/DCG)
<i>Sub-hypothesis D3.</i> AFE's intervention decreases poverty.	Change in poverty likelihood	Evaluation questionnaire (DCG/IRIS)
<i>Sub-hypothesis D4.</i> AFE's intervention increases physical enterprise-based assets.	Change in producer enterprise-based assets	Focus Group Discussions/ key informant interviews/questionnaire with HHs (Case study/DCG)
Main hypothesis E: AFE's intervention improves well-being of children in participating households.		
<i>Sub-hypothesis E1.</i> AFE's intervention increases the diversity of food consumed by children.	Change in food consumed	Focus Group Discussions/ key informant interviews/questionnaire with HHs (Case study/DCG)
<i>Sub-hypothesis E2.</i> AFE's intervention decreases incidence of hunger in children.	Change in children's hunger score	as above
<i>Sub-hypothesis E3.</i> AFE's intervention increases school attendance.	Change in school attendance	as above
<i>Sub-hypothesis E4.</i> AFE's intervention increases the likelihood that children will reach a desired level of education.	Change in index of level of education aspired to and the perceived likelihood of achieving the goal.	as above
<i>Sub-hypothesis E5.</i> AFE's intervention increases completion of school.	Change in index of type of school, grade completed, cost, distance, mode and travel time	as above
<i>Sub-hypothesis E6.</i> AFE's intervention increases use of health care/quicker use of health care.	Change in where child is taken, how soon upon onset of symptoms and transactions costs	as above
<i>Sub-hypothesis E7.</i> AFE's intervention decreases use of child labor.	Change in time children spend in production.	Focus Group Discussions/key informant interviews/questionnaire and Participatory Rapid Appraisals (PRAs) with children & youth (Case study/DCG)

7. ANNEX II: QC CASE STUDY SUPPORTING ANALYSIS

The consequences of the AFE quality control initiative for the weavers, leaders, workers and suppliers of the companies will be examined in this section. Specifically, the analysis will look at the impact on household income and on spending on child care and education. Please remember that the numbers used intend to show order of magnitude change not actual individual changes. As with any social scientific experiment with incomplete data, choices have to be made on assumptions, methodologies, and interpretations, all of which might be handled differently and with differing conclusions by other researchers.

The starting point for the analysis is the universal view of the interviewees that the quality control training and subsequent programs did significantly reduce the number of rejected sets and that reduction increased income and reduced wastage of raw materials. The approach adopted begins with the construction of a hypothetical archetype of a representative weaving group and its output and income. The data sources for the archetype are largely the interviews held during the research phase of the evaluation (July-August 2012), but also include monitoring data and previous interviews by Diana Rutherford.

Group Size

The weaving groups varied from 20 to 50 participants with varying degrees of output. Each group had a leader who performed not just an administrative role but also acted as an entrepreneur operating in the space between the group and the company (more on this topic later). An average size of 35 was chosen for the exercise and distributed on the basis of output per week ranging from one set to five sets.

# workers/level of production	sets/week accepted
2	1
10	2
14	3
6	4
2	5
1	4
35	

Total Sets Per Week

The assumption made was that the group would produce a total of 100 sets per week. This is consistent with the observations made in the interviews. Please note that most leaders are also weavers: many leaders have come to that role as a result of being senior weavers. In addition to their own weaving, they may also provide repairs to the sets made by others in the group.

Pesos Per Set Produced

A figure of 200 Pesos per set produced is used. Figures cited ranged from 85 Pesos per set to 350 Pesos per set.

Wage Income Per Week

This calculation depends on a number of assumptions. The foremost assumption is that the group is working consistently. The reality is that group activity derives from the placement of purchase orders from the lead firms. The POs are not issued steadily; rather they tend to follow a pattern of feast or famine. For demonstration purposes, a steady stream of POs is assumed.

A trickier assumption involves the commission charged to the weaver by the leader. The leader charges a commission of between 3 percent to 5 percent for each set submitted. The standard commission appears to be 5 percent. What is not clear is whether the leader charges the commission before or after the payment, in this model, of 200 Pesos per set. What came out of the conversations was a sense that different leaders took the commission at different stages. For the sake of analysis, the assumption is made that the leader takes the commission before the payment of 200 Pesos per set. Thus the weaver receives the full 200 Pesos.

Another assumption is that the leader is also paying a commission to him or herself. Please recall that the leader is acting as an entrepreneur, he or she is actually selling the sets to the company, sometimes through a sub-contractor.

IMPORTANT: The sample also included in-house workers in the factories. The wages of these workers were comparable to the top producing, full-time, weavers. In the model described here, they would be the 5 set per week (pre-quality control) cohort.

Non-weaving Days

Almost all weavers, workers and leaders had income from other sources. The majority either worked on their own farms or as laborers in nearby farms and plantations. Others had small retail jobs, construction work, or miscellaneous activities. Therefore a day not spent weaving would be spent in other labor where no weaving wage would be received. The assumption in this calculation is that weavers and workers work seven days a week, which seems from the interviews to be largely the case.

One could argue both ways that quality control made more time available for weavers either to produce more units or to pursue other non-weaving activities from farming to time caring for children and family members. It is likely that the weavers, as a result of quality control did spend less time on each “accepted” set. However, quality consciousness may have led to more time devoted to weaving. This would have most likely been at the expense of leisure time. In the QC FGDs and KIIs, respondents did not give as a benefit of QC a reduction in the time devoted to weaving. There was also no significant recognition of a lesser amount of time devoted to repairs as repairs, were commonly done by leaders.

The other assumption is that the production of a set takes one and a half days to two days. For women with children, the majority of weavers, they also have responsibilities for children, meals and other chores. In the survey, 86.6% of women said they worked 5 to 8 hours a day (among males 73% said the same).

Nonetheless, the most skilled and experienced workers need only one day and even average weavers can produce a set a day if they work 12 hours a day.

Non-weaving Income

The assumption that a weaver or worker would earn 100 Pesos on a non-weaving wage day may seem a bit high in that approximately \$2.30 per day for casual work in rural areas is at the top of the range of figures cited by the respondents, which begins as low as 30 Pesos a day. However, as is typical in developing areas, the actual amount is often not cash, but rather goods in kind ranging from food to services. The monetization of subsistence labor is a statistical convenience as is the assumption that a person would work the full day.

Spouse and Other Income

Household income is by far one of the most complex topics in economics. Consistently over countries, developed and developing, income expenditure surveys find that households spend more than they report as income. Part of the trend is that expenditure is easier to recall than income. Another significant part is the multitude of income sources, particularly in low income households, ranging from relatives, short-term credit, to in-kind goods and services.

One of the significant findings in the survey is that respondents consistently reported that weaving wage income was only half of household income. As a source of that additional income, the married respondents, the clear majority, cited spousal income or that of other members of the household.

In order, therefore, to make sense of the household income of weaving families, the assumption is made that the spouse or other relatives earn and contribute an amount equal to the weaver's wage income. In the case of families where both the husband and wife are weavers that is most easily documented in the interviews. The exception is made for the lowest producing weavers for whom 50% of their weaving income would not equal the amount if the spouse worked seven days a week at 100 pesos. For those categories, the spouse's income is given as 700 pesos. What is highlighted by this category is that *single parent weaving households are at a considerable income disadvantage.*

Total Household Income Per Week and Per Month

The weekly household income figures are the addition of weaving wage income, non-wage income and spousal/other income. The monthly figure is simply the multiplication by four. Please note that in the case of leaders, the monthly income does not take into account their additional costs of carrying charges for the supply of raw materials and the provision of no-interest advances to weavers. The latter is very interesting in that the single most cited reason for changing leaders is that one would give advances and the other would not. This form of micro-credit appears to be widespread and entrenched in the economy of the weaving communities. Micro-credit lending is not considered income, but rather as a transfer that nets out during the year.

Food Sufficiency

According to the 2009 official poverty statistics, Filipinos per person needed 974 Pesos per month to meet their food sufficiency needs. A family of five required 4,869 Pesos a month or 58,428 pesos on the

year. Between 2006 and 2009 there was a rapid increase in food inflation of approximately 26 percent which has put a strain on the budgets of individuals and families living on fixed incomes.

Poverty

According to the same 2009 official poverty statistics, to stay out of poverty, Filipinos per person required 1,403 Pesos monthly and a family of five required 7,017 Pesos.

# of persons per household	Daily	Monthly	Annually
1	46	1,403	16,841
2	92	2,807	33,682
3	138	4,210	50,523
4	185	5,614	67,364
5	231	7,017	84,205
6	277	8,421	101,046
7	323	9,824	117,887
8	369	11,227	134,729

The increase in the income needed to avoid poverty between 2006 and 2009 followed the trend of food security and went up by 26 percent. This is an indication of the likelihood that the budgets of poorer Filipino families are largely devoted to food.

Percentages Above and Below the Food Sufficiency and Poverty Lines

This is a straightforward calculation of the variance of the imputed incomes from the requirements for food sufficiency and staying out of poverty.

Sets Per Week With a 50 Percent Reduction in Rejects

The respondents gave a wide range of numbers as to reduction rate in the number of rejects due to the participation in quality control training and adoption of quality control programs by their various companies. The numbers ranged from 30 percent to 100 percent. It was not altogether clear just how the respondents were calculating those estimates. The same may be said of the estimates given by the LF owners. If there was a consensus figure, it would be around 50 percent. The current acceptance rate of sets on initial inspection for both major LFs is about 96 percent. In calculating the number of sets being accepted above the previous level, a certain amount of generosity was involved. For example, strictly speaking an increase from one set to two sets a week is a 100 percent increase, but as half sets do not really exist, it was easier to assume the increase was absolute.

Income Increase and Revised Weekly Income

These figures are derived from the assumption that the weavers were having 50 percent more (+/-) weaving sets accepted as meeting quality standards, and being paid accordingly.

IMPORTANT: The assumption is made that a 50 decrease in the rejection rate is the equivalent of a 50 percent increase in production and that demand warrants such an increase. Given the distribution of productivity among the different members of a weaving group, the actual level of the production increase for the group as a whole would be under 50 percent.

Days Non-weaving Labor

The increase in the production of sets by weavers should also reflect less time spent in non-weaving labor. While it might have been the case that weavers were still working the same days whether or not their sets were accepted, the assumption is that if a weaver can reasonably expect to produce two acceptable sets in a week, they will more likely work the days required. For expert weavers and the leader, their level of production does not allow for days spent in non-weaving labor.

Non-weaving Income Revised

A difficult question arose whether to adjust the rate for non-weaving income to reflect food inflation. The view from many respondents was that all wages have not increased in rural areas, weaving wage or non-weaving wage. Therefore, there is no adjustment made to the non-weaving wage of 100 pesos a day to reflect food inflation. By not making any adjustment, the figure more accurately reflects the difficulty faced by poorer Filipino families in “making ends meet” in the face of inflation.

Follow On Calculations

The remaining calculations of Spouse/Other contribution, Total Household Income, Percentage increase, Percentage Above and Below the Poverty Line for a Family of Five follow the same set of calculations as with the income levels, unadjusted for a 50 percent reduction in the rejection rate and the corresponding income gain.

Conclusions

The overall conclusion is that the quality control training and the adoption of quality control by the companies did lead to income gains, as measured by the income changes modeled for the hypothetical producer group. Specifically, the gains were concentrated at the bottom of the weaver group and at the top, and the most experienced and productive weavers and, most importantly, the leader gained the most overall.

# workers/level of production	sets/week accepted prior to QC Training	% above or below poverty line BEFORE QC Training	sets/week accepted after QC Training	% above or below poverty line AFTER QC Training
2	1	-20%	2	-14%
10	2	-14%	3	-9%
14	3	-9%	4	3%
6	4	3%	5	20%
2	5	20%	6	37%
1	4	60%	5	122%

Overall, the model demonstrates that the intervention of quality control training and the adoption of quality control programs made a positive impact *ceteris paribus* (all other things being equal).

NOTE: A word of caution – The timing of the projected income gains is highly dependent upon new orders being received. The model as presented could have taken place had the level of orders remained at the 2008 and 2009 level. The downturn in orders in 2010 and 2011 likely derailed the realization of these benefits. However, with the uptick of orders in 2012 as seen in the projections for firm revenue for this year, they may start to take effect.

Any increase in income due to quality control would have been a one-time increase bringing producers to a higher income “norm”. It increased the level of productivity of the weavers to a new level, but such an increase would be difficult to repeat. If nonetheless the amount of orders increases, then the full impact of that increase in productivity could be more visibly realized.

Socio-economic Impact on Child Welfare

Consistently in the interviews, respondents said that about half of additional weaving wage income went either for child care, e.g. medicines and special food, or children’s education. The assumption is made that 50 percent of additional income would go to child care and education in weaver and worker families.

The projected income changes used in the calculation of the impact on household spending are drawn from the previous section, extrapolated from the hypothetical weaver group. As will be explained, there are two ways to average the figures, a) by the increased output of the weaving group as a whole, or b) by individual weaver assuming each person achieved the full 50 percent increase in productivity.

Number of Children in the Weaving Universe

Among the respondents, 81 percent (105) were parents with an average of 2.5 children per household. In comparison with the Cebu and Bohol census figures for 2011, respondents were slightly higher than the household average for having children (70%) but that is explainable as respondents were all in an age bracket for raising children. The number of children per household was consistent with the census figures.²⁶

- The rural respondents had an average of 2.8 children per household.
- The semi-urban respondents had an average of 2.2 children per household.
- The urban respondents had an average of 2.3 children per household.

Using 5,909 as the total number of weavers over a 12 month period and the figure above (81 percent) of them have children, we have 4809 weavers with children; multiplied by 2.5 children each is 12,024 children in the model.

²⁶ See Government of the Philippines <http://www.census.gov.ph/data/quickstat/pqsaltindex.html>

Overall Income Effect

As was shown in the previous section, the hypothetical weaving group experienced a one-time 50% decrease of rejections, which resulted in a one-time increase of production of 35% after adjusting for demand for the period in question.

set production per week pre-QC	set production per week post QC	# workers/group	
1	2	4	11%
2	3	8	23%
3	4	14	40%
4	5	6	17%
5	6	2	6%
4	5	1	3%

At the level of increase given in the table above (and assuming the 50 percent increase in child spending) the following income effects could be realized.

set production per week post QC	Increased income per week (Pesos)	50% of increase spent for children (pesos)	Additional expenditure/year per weaver household on children (USD)	Average annual increase per child
2	200	100	\$123.81	\$49.52
3	200	100	\$123.81	\$49.52
4	200	100	\$123.81	\$49.52
5	200	100	\$123.81	\$49.52
6	200	100	\$123.81	\$49.52
5	550	275	\$340.48	\$136.19

Overall Increase to the Weaving Community by Weaving Group

Based on the model presented for the hypothetical production group of 35 weavers, we extrapolate to obtain the potential increased expenditures per year for all those weavers with children who were working in 2012 for the two largest LFs, which provided QC training. Keeping in mind that most of the weavers fall in the second and third production groups making three to four sets per week and based on the total number of children (12,024) belonging to the 5909 weaver households estimated for a 12 month period, the model estimates an increase of expenditure on children as follows:

Set production per week post QC	# workers/group	Average annual increase per child	Estimated total increased expenditures by weavers in one year on children
2	4 (11%)	\$49.52	\$65,497
3	8 (23%)	\$49.52	\$136,949
4	14 (40%)	\$49.52	\$238,171
5	6 (17%)	\$49.52	\$101,223
6	2 (6%)	\$49.52	\$35,726
5	1 (3%)	\$136.19	\$49,126
Total	35		\$626,692

8. ANNEX III: RESPONSES TO RECOMMENDATIONS OF STRIVE PHILIPPINES ASSESSMENT REPORT

(1) AFE should consider the potential offered by leverage points other than lead firms. SDC Asia, an organization based in the Philippines, has been particularly effective in this area, and we recommend that AFE spend more time consulting them and learning from their experience.

AFE has consulted with SDC Asia (Marian E. Boquiren) in Manila and discussed their activities to date. SDC Asia takes a similar approach to economic development programs with an emphasis on targeted value chains and support of private sector actors (lead firms) within those value chains. SDC Asia has been primarily focused at production-level activities including: demonstrations of improved practices, dissemination of extension information (via assorted media including comic books, etc.), and linkages with various buyers.

But SDC Asia could not identify any specific programmatic leverage point innovations. SDC Asia described their efforts in starting up a private sector distribution and retail company to market the products of communities they support. Yet it is not clear how SDC Asia will mitigate the potential conflict between an organization's donor-funded and for-profit initiatives within a value chain.

(2) AFE should contact the Seaweed Industry Association of the Philippines and the Philippine Housewares Industry Association to explore constraints affecting companies that might be addressed through the project, as well as to identify additional firms with which partnerships might be appropriate.

Beyond individual lead firms, the main points of leverage within the value chains are the relevant trade associations including: the Seaweed Industry Association of the Philippines (SIAP); Cebu Gifts, Toys, and Houseware (Cebu GTH); and Philippines Chamber of Handicraft Industries (PCHI). The challenge for many associations is their highly politicized establishment and limited capacity or resources to implement support initiatives for its member companies. SIAP, for example, was created and managed by the largest seaweed processor in the Philippines (Shemberg) and is perceived to primarily be a representative of their interests. Interestingly, Shemberg has publically declared its plans to shift its major processing plants to Indonesia where seaweed is more abundant.

AFE has been in on-going contact with all of these associations to identify and validate critical value chain constraints. More importantly, however, the associations can be important channels to disseminate information and share knowledge with a large number of companies. In this regard,

AFE is developing a series of workshops for woven product/housewares exporters to address key cross-cutting issues affecting their growth and competitiveness. These workshops will target individual member companies referred by Cebu GTH, PCHI, and other relevant associations. The umbrella organization of exporters in the Philippines, PhilExport, is another key leverage point providing a range of technical assistance and training for exporters. AFE is currently exploring opportunities to collaborate with PhilExport and tailor some of their existing training programs to meet the needs of woven product/housewares exporters.

AFE is also promoting activities with woven product lead firms to build their capacity to sustain, expand, and develop new markets. These activities include identifying new buyers at US trade shows, exhibiting at new trade shows and conducting market research to survey international buyers (e.g. major retailers, importers/wholesalers, etc.) in order to understand the current factors and criteria that figure most in their decisions to buy from one country or another, and then to “benchmark” how exporters from the Philippines are either meeting or not meeting those criteria.

(3) Quarterly reports should include a narrative overview of project activities and progress and statistical tables to facilitate monitoring project development. This could be supplemented with the kinds of bulleted information that has been provided.

Quantitative information including the primary DCOF indicators (i.e., number of people trained and number of people served – adults and children/youth) can be incorporated into the quarterly reports. Specific information on the value of purchases could also be compiled but reported every six months, as collected and reported by the lead firms.

To provide an overview of progress to date, a summary of quantitative data (annual 2008, 2009, and 2010; and first six months of 2011) will be included in the next quarterly report.

(4) The project should calculate and report quarterly on the actual number of individuals with income resulting from project interventions, their respective amount of income, and the geographic areas where they live. The project should also track and report total household beneficiaries and the percentage of beneficiaries who are below the national poverty line.

AFE collects and compiles the following quantitative monitoring data from the lead firms every six months:

- Purchases from Producers – volume (seaweed) and value of lead firm purchases (woven products/housewares);
- Number of Producers – number of producers supplying the lead firms;
- Commercial Access to Inputs – volume and value of seaweed seedlings sold or distributed to producers; and
- Sustainability of Market Access – value of lead firms sales of final products

The indicator for lead firm sales value provides an indication of what is happening in the broader market for the respective value chains. For woven products/housewares, there is a direct link between lead firm sales and local producer/supplier procurement – no lead firm sales means no lead firm purchases. For seaweed, some trader speculation and stockpiling takes place so there isn't

always a direct relationship between the two.

However, it is not possible to compile and gather information on the amount received by individual weavers given the nature of governance between weavers and leaders or sub-contractors. Formal purchase orders between the lead firm and its sub-contractors are issued and tracked, but the allocation of orders between sub-contractors and weaver leaders (and especially between leaders and household weavers) is much more informal and relationship-based. Therefore, it will not be possible to report on the percentage of beneficiaries who are below the national poverty line on a quarterly basis.

(5) When considering possible engagement with a lead firm for a particular new intervention, project personnel should assess, and as far as possible quantify, potential effects at the household level of involvement with a proposed initiative. This might include limited rapid household sampling in new areas proposed by lead firms to ensure that there is good potential for a substantial number of vulnerable children to benefit.

AFE has incorporated the use of the Progress out of Poverty Index (PPI) tool in order to ensure that the targeting of project activities meets the objectives of STRIVE/DCOF, and to validate the relative vulnerability of households in the various project activity sites. A first round of PPIs was conducted in November 2010 in areas where project cost-share activities had already taken place. The project has been using the PPI in all new activity sites since then.

For example, after one of the lead firms conducted new weaver training in southwestern Cebu (Ginatilan) earlier this year AFE conducted the PPI with some of the participant households. The results of the PPI indicated that those surveyed had on average an 81% likelihood of being below the national poverty line, which justified the support of lead firm training activities in the area.

(6) The project should establish a mechanism consistent with the value chain approach of anticipating, and then monitoring the effects of supported activities on households and children. But where this would conflict with the project's fundamental economic role, an alternative mechanism should be arranged, such as through an NGO. Assessment and monitoring should include some direct information gathering at the household level, as well as consultation with key informants at the community level, e.g., community leaders, school principals. STRIVE Philippines should confer with the PAC or at least some of its members, to identify a workable approach to monitoring project effects on participating households, in particular on their children, with a view toward mitigating possible negative impacts of the project (e.g., school absences or potentially hazardous work).

AFE met and conferred with some of the PAC member organizations in January 2011 to discuss their experience with household- and community-level monitoring. Unfortunately, none of them were currently collecting such data at these levels; this type of information was compiled within their evaluation framework but not as part of their regular systems to monitor project effects. According to the PAC members, consulting with key informants in the community could be done but the data might not always be available, current, or reliable.

AFE is has now developed with IRIS various tools to fortify the project monitoring system to collect community-level information. The objective remains to identify and monitor potential negative effects of project activities on children/youth within the communities.

(7) Based on monitoring information, AFE should report on how it has adjusted program interventions to maximize positive effects and minimize negative ones.

The current reporting format of the Quarterly Reports provides an opportunity to describe programmatic adjustments if applicable. Although not an explicit section in the report, program adjustments could be highlighted in the successes and challenges sections of the quarterly report.

As stated in our response above, AFE is exploring ways to effectively collect household- and community-level monitoring data to mitigate potential negative impacts. As this data is available, any relevant adjustments could appear in the quarterly reports.

(8) The chief of party for the project should attend COP meetings at the mission, share quarterly reports with Teresita Espenilla, and keep her informed of major developments with the project.

AFE has continued to be engaged with Mission staff, especially from the Office of Economic Development and Governance (OEDG). AFE continues to participate in COP meetings convened by OEDG to share project information and learning, and explore areas for possible collaboration. An informal briefing was also conducted in Cebu for the Chief of OEDG in April 2011.

Although OEDG is busy with their current portfolio, communicating and sharing on-going project information with them is welcome. There may also be opportunities to invite them to participate in appropriate field activities, but advance notice is needed to plan accordingly.

The Mission expressed particular interest in project implementation approaches focused on vulnerable populations. For example, support of cost-share activities of lead firms in northwest Mindanao stopped for various reasons including the lack of drying capacity (not enough sunny days!), inability of lead firms to find appropriate leads or sub-contractors, and occasional security concerns (communist NPA activities and kidnapping) in the areas. Although the lead firms felt, and continue to feel, that the availability raw material is very good in that part of Mindanao, there were valid reasons for them to scale back. This type of information would be very informative for the Mission, and others targeting vulnerable populations, to know. Lessons learned, whether successful or not, are important to document and share.

During the April briefing with the Mission, OEDG raised a question about the project's continued work in the seaweed sector. The rationale for originally selecting seaweed, etc. was understood but based on the reports of the macro-economic context there seemed to be limited opportunities for growth. It was suggested that if there was sufficient rationale for scaling back/dropping seaweed then it should be made in order to continue to activities where opportunities for sustainable impact are more feasible. In any case, OEDG suggested that the project should remain focused on implementation of lead firm activities that promote linkages with, and improve benefits for, vulnerable communities.

(9) STRIVE should explore increasing opportunities for exchange and cross-learning among the field projects it manages.

Formal exchange and cross-learning has been a challenge for STRIVE due to highly diverse contexts in which projects operate and the difficulty of identifying cross-learning opportunities that would yield high return on investment. Due to the transitional period that STRIVE finds itself in, with new management across the board at FHI 360, there is an opportunity for a comprehensive re-examination of the learning strategy with stakeholders, including DCOF and implementing partners. STRIVE plans to undertake this activity in the final quarter of FY11, as a key part of planning for the project's Year 5 activities.