

UNIVERSITÄT HOHENHEIM



Smallholders' Participation in High Value Agricultural Markets: Potentials and Constraints

- A Case Study in the area of Butuan, Philippines

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Christopher Biller

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1. Supervisor: Prof. Dr. Regina Birner
2. Supervisor: Dr. Stefanie Lemke

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Summary

The aim of this case-study was to explore what potentials and constraints exist for smallholders' participation in high-value agricultural markets in the area of Butuan in the southern Philippines. The worldwide increase in the demand of fruits and vegetables is said to bring new opportunities and threats to smallholders in developing countries. A mix of qualitative and quantitative methods was used see what the status-quo of local smallholder's agricultural production is and what their corresponding livelihood strategies are. A further goal was to understand the local market structures for these high-value agricultural products. The combined results of the semi-structured interviews, workshops and the market survey show that the local demand for high-value crops can currently only be met by traders who import most of these goods from other regions. Local farmers, who have no history in producing high-value crops, are discouraged by the unreliable weather patterns and find it hard to compete with the quality and prices of these imports.

The household survey found that smallholder producers who were part of an association, which focused on the production of vegetables, were producing significantly larger shares of high-value crops and had much higher incomes from marketing these crops - than a set of randomly selected farmers. In addition the association members showed higher levels of exposure to-, and engagement in- extension services. In particular the provision of small production loans, which are sufficient to cover the inputs required for the production of high-value vegetables, was found to be a decisive factor for smallholder's inclusion in to these high-value chains.

Numerous examples of local smallholders who are successfully producing and marketing high-value crops show that the participation in these markets in the area of Butuan is not only possible but a chance for resource poor farmers to move out of subsistence. Although local institutions have become aware of the potentials the existing traditional market and also the newly emerging value-driven markets can offer to smallholders, a clear sector strategy which involves all actors is yet to be developed. If local smallholders manage organize themselves into groups which in turn will be able to attract the needed trainings, they will be able to overcome the identified constraints and become attractive partners for stakeholders in the high-value crop market.