Public Abstract

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Title:Value Chain Integration, Cluster Cooperation, and Sustainable Livelihoods: Bridging Small Farmers to High Value Markets

This study explores the attempts at linking small farmers with modern markets in the hope of attaining sustainable livelihoods for their households. Modern markets, e.g. supermarkets and fast-food chains, are rapidly emerging in developing countries as in the Philippines. They are potentially lucrative and inclusion in these markets may bring about increased incomes for the farmers. The linkage mechanism involves the integration of small farmers in the supply chain of a fast-food company through the establishment of governance structures that preferentially favor a vertical reciprocal relationship between the producers and the buyers. At the same time, cluster cooperation among farmers allows for the possibility of engaging in synchronized production and collective marketing. The experience has been challenging and difficult, plagued with disappointments and failures. But certain existing conditions indicate positive intimations which cannot be discounted and are worth the continued effort. Market assurance by the buyers helps instigate the upgrading process of small farm production systems beyond the traditional peasant farming. Transformative assistance by development-oriented agencies enhances the capabilities of small farmers, both individually and organizationally. Input provisions from the different agencies of the private and public sector promote the productive activities of resource-poor farmers. In the end, while participation in the modern markets may be a possibility, the livelihood sustainability of small farmers remains much to be desired.