

Rural Agro-enterprise Partnership for Inclusive Development (RAPID) Growth Project Baseline Survey

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Rural Agro-Enterprise Partnership for Inclusive
Development and Growth (RAPID-Growth)
Project Baseline Survey

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The RAPID Growth Project

What is the RAPID Growth Project?

- A project that aims to: promote rural enterprises and value chain development; increase competitiveness and ease of doing business; invest in human capital; accelerate infrastructure spending; enhance innovation
- Final goal: Contribute to the reduction of incidence of poverty in the target areas through sustainable increase in income of smallholder farmers and unemployed rural men and women across the selected value chains, namely, **coffee, cacao, processed fruits and nuts, and coconut.**
- Covers: 21 provinces - Regions VIII, IX, X, XI, XII, Caraga, and BARMM
- Direct beneficiaries: smallholder farmers, micro entrepreneurs, unemployed rural men and women

Project Cost and Funding

- Implementing agency: Department of Trade and Industry (DTI)
- Implementing period: 2019 – 2025 (six years)
- Total project cost USD 93.59 million.
- Financing sources (USD millions):

IFAD loan and grant	65.40
GOP and LGU	10.81
Beneficiary farmers and MSMEs	4.94
FSP contributions	12.44

Project Components



- Delivery of Business Development Services
- Enterprise Strengthening – includes **matching grants, participatory implementation**
- Farm to Market Infrastructure Development
- Cost allocation: 80%

Interventions identified in 2 stages:

1. Regional strategic investment planning
2. Detailed investment planning (DIP)

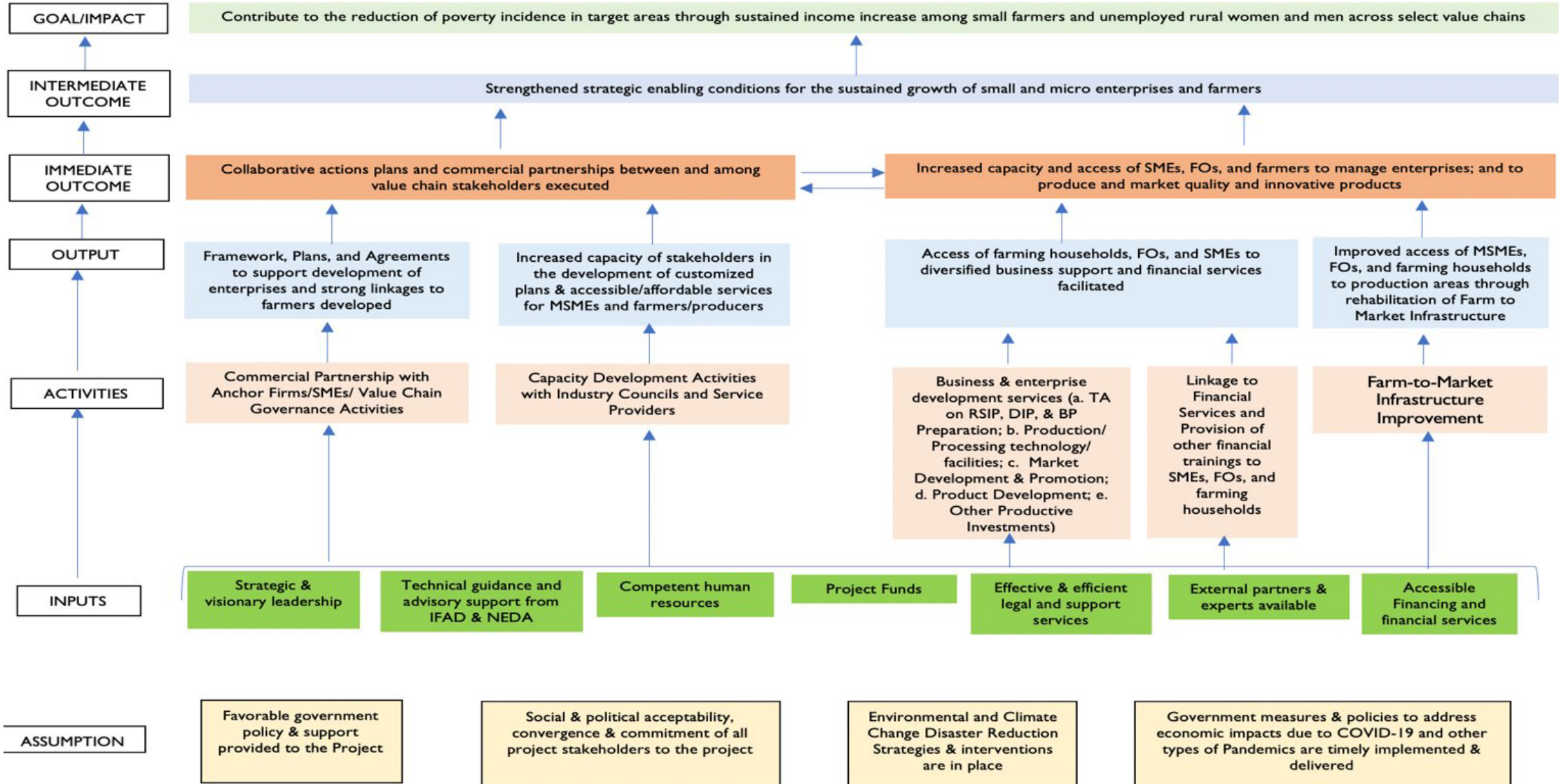
- Establishment of provincial networks of Negosyo Centers
- Development of Microenterprises and Cooperatives as service hubs
- Facilitation of partnerships between SMEs for profitable domestic and export markets
- Capacity building of LGUs on supervision and monitoring of FMI rehabilitation
- Support VC enablers through Industry Councils
- Cost allocation: 3%

- Capacity building of FSPs to deliver accessible financial products and services for concerned value chains
- Cost allocation: 2%

- Provision of incentives to private equity and venture capital firms to co-finance SME capital requirements
- Cost allocation: 6%

- Ensure that activities are properly designed, planned, implemented, and monitored
- Cost allocation: 9%

Theory of Change



RAPID Growth Project strategy for matching grants

- Development of a DIP and Business Plan (externally supported)
- Matching grant covers : i) business development and extension services; ii) productive investments
- Equity counterpart is strictly in cash. For coops: as high as 40%. Enterprise can borrow counterpart from FSP.
- Recipient, DTI, and FSP sign tripartite agreement strictly determining use of funds
- The project beneficiaries directly procure the productive investment with guidance and due diligence from DTI.
- Payment to the supplier is thru the bank upon notice from DTI.

Rehabilitation of FMI

The FMI component aims to improve the connectivity of target beneficiaries to markets, trading centers, and service centers.

- Target: to rehabilitate 140 km of FMRs - target barangay roads with connections to major roads and are included in the provincial road network development plans (LGU counterpart: 5%, FS, DED)
- Accounts for 20% project cost, vs value chain development component (27%).

The Baseline Evaluation

Evaluation methods

Quantitative evaluation:

- Relies on data from a baseline survey, drawn from treatment households (beneficiaries of RAPID), and comparison households (households similar in every respect but not beneficiaries of RAPID)
- To be complemented by an endline survey – conduct a “difference-in-difference” comparison of household outcomes, especially incomes

Process evaluation:

- An operational evaluation that seeks to understand whether implementation of a program unfolded as planned
- Assess the likelihood of realizing TOC. Covers 2 main aspects: a) Value Chain Evaluation; b) FMR Evaluation



Overview of baseline survey data

Table 4. Number of sample households, by treatment status and type of value chain

	Cacao	Coconut	Coffee	PFN
Treatment	562	1,104	327	404
Comparison	36	1,135	18	114
Total	598	2,239	345	518

Source: PIDS Baseline Survey

- Distribution based on intention-to-treat: Treatment = 1,667 (50.48%) vs. Control = 1,635 (49.52%)
- Multiple answers allowed for value chain classification
- Among VCs, Coconut has the most observations, followed by Cacao, PFN, and Coffee
- More treatment observations for Cacao, Coffee, and PFN growers, while more comparison observations for Coconut

Value chain farm and enterprise characteristics

Table 15. Average sales of value chain farms and enterprises, by treatment status

	Comparison	Treatment	All
Cacao (n=598)	68,012	77,310	76,750
Coconut (n=2239)	100,991	77,303	89,311
Coffee (n=345)	96,156	95,738	95,760
Processed fruits and nuts (n=518)	77,091	83,843	82,357

Source: PIDS Baseline Survey.

- Multiple responses/crops allowed
- Sales for Coconut averages at PHP 89,000 with comparison households generating higher sales than treatment
- For PFN, PHP 82,000, with treatment households earning more than comparison
- Although fewest respondents, Coffee has PHP 96,000 with almost identical for treatment and comparison

Access to FMI

Table 28. Distribution of the condition of the road/FMI to the market/trading/service center, number of household respondents

Road Condition	Major market			Nearest market		
	Treatment		Comparison	Treatment		Comparison
	w/ FMI intervention	w/o FMI intervention		w/ FMI intervention	w/o FMI intervention	
1 Very bad	6	53	24	5	53	23
2 Bad	11	51	35	12	47	37
3 Poor	16	111	117	17	110	121
4 Fairly good	63	268	366	61	272	367
5 Good	117	463	699	115	465	699
6 Very good	91	416	390	95	415	386
Not applicable	1	0	4	0	0	2

Note: The choices for road condition are based on the Department of Agriculture’s Administrative Order No. 16, series of 2020 categorizing farm-to-market road quality based on the described conditions. The choices are:

Very bad - Footpath or trail is the only access going in and out of the Road Influence Area.

Bad - Road is not passable in most days of the year; very muddy with deep potholes during rainy season and dusty during summer time.

Poor - Road is passable in most days of the year; muddy with potholes during rainy season; requires regular maintenance after rainy season.

Fairly good - Road is passable in most days of the year; requires regular maintenance and restoration after rainy season.

Good - Road is unpaved but passable throughout the year.

Very good - Road is paved, all-weather, and passable throughout the year.

Nevertheless, a few respondents answered “Not applicable”.

Source: PIDS Baseline Survey.

Household and individual characteristics

Table 7. Selected demographic characteristics of sample households, by treatment status

	Treatment (n=1667)	Comparison (n=1635)	All (n=3302)
Household size			
Mean	4.1	4.1	4.1
Median	4.0	4.0	4.0
Standard deviation	1.8	1.9	1.9
Number of working household members			
Mean	1.3	1.2	1.2
Median	1.0	1.0	1.0
Standard deviation	1.0	1.0	1.0
Years of schooling, household working members			
Mean	9.6	8.9	9.3
Median	10.0	9.0	10.0
Standard deviation	4.1	4.1	4.1
Average age, household working members			
Mean	47.1	46.4	46.7
Median	47.0	46.0	47.0
Standard deviation	14.6	15.3	14.9
Share of households with an IP member (%)	24.2	9.0	16.7
Share of household working members who are members of an economic enterprise	51.5	53.4	52.5

- Average household size nearly identical between treatment and control groups
- Average years of school slightly higher for treatment
- Average age of working members almost the same across groups

Source: PIDS Baseline Survey.

Household assets

Table 19. Number of sample households, by type of water supply and sanitation facility (multiple responses)

	Comparison (n=1635)	Treatment (n=1667)	All (n=3302)
Type of water supply			
High Quality	947	781	1728
Medium Quality	372	428	800
Low Quality	316	458	774
Type of sanitation facility			
High Quality	1,435	1,602	3,037
Medium Quality	147	17	164
Low Quality	53	46	99

Source: PIDS Baseline Survey.

Water supply: High - Own use faucet, community water system, Water refilling station, Bottled/sachet water; Medium - Shared faucet, community water system, Own use tubed/piped deep well, shared tubed/piped deep well, Tubed/piped shallow well; Low – Others.

Sanitation facility: High - Flush or Pour Flush Toilet: Flush to piped sewer system, Flush to septic tank, Flush to pit latrine; Medium - Flush or Pour Flush Toilet: Flush to open drain, Flush to unknown depository/place; Low: Others.

- Most HH has high quality water supply, mostly having own faucet from a community water system; Higher count of high quality for comparison group
- Among HH with medium quality water supply, most common is the shared faucet also from a community water system; Higher count of medium quality for treatment group
- Most HH has high quality type of sanitation facility, mostly having flush to septic tank; Higher count of high quality for treatment group
- Among HH with medium quality type of sanitation facility, most common is flush to unknown; Higher count of medium quality for comparison group

Employment

Table 11. Distribution of working members of sample households, by employment category (%)

	Comparison (n=2198)	Treatment (n=1888)	All (n=4086)
Business operator:			
Primary production operator	55.6	42.9	49.7
VC-based business operator	1.0	1.4	1.2
Other business operator	6.7	2.4	4.7
Worker:			
Farm wage worker	7.1	9.3	8.1
VC-based business worker	0.3	0.7	0.5
Nonagricultural worker	40.8	49.6	44.9

Source: PIDS Baseline Survey.

- Most common category is primary (mainly agricultural) production; for wage employment, most common was non-agricultural work, which is almost as common as primary production work
- Miniscule fraction engaged in business operation in one of the VCs covered by RAPID; under 5% are operating another type of business, share of business operators higher in comparison group
- Tiny fraction not surprising as these at the household level will be organized as small proprietorship (formal or informal), whereas the organizational form most commonly supported by RAPID is the FO

Household income

Table 31. Income indicators for sample households, by treatment status

	Comparison (n=1635)	Treatment (n=1667)	All (n=3302)
Total household income, in Php			
Mean	181,073	172,632	176,811
Median	102,000	83,000	93,483
Standard deviation	244,735	317,423	283,757
Per capita household income, in Php			
Mean	52,337	49,049	50,677
Median	27,200	22,486	24,894
Standard deviation	82,045	96,393	89,578
Distribution of income by source (%)			
Primary production income	57.5	56.2	56.9
VC enterprise income	0.0	0.1	0.0
Non-VC enterprise income	5.6	1.5	3.5
Employment income	24.4	23.0	23.7
Other income	15.5	18.6	17.1

Source: PIDS Baseline Survey.

- Mean total HH income is PHP 177 thousand, with comparison HH earning higher than treatment (5% greater)
- Average per capita income in both treatment and comparison far higher than per capita poverty threshold in Mindanao at PHP 26,000 per year to PHP 32,000 per year
- By source of income, biggest contributor is primary production (agriculture) with 57.5% on average, similar shares for treatment and control
- Second largest contributor is employment income at 24%, slightly lower for treatment at 23%
- Third largest is other income at 17%, slightly higher for treatment at 19%

Findings from process evaluation

- Project delivered business development services to stakeholders
- Challenges and delays were observed in strategic and detailed investment planning → unavailability of qualified consultants, onset of the pandemic, and subpar quality of DIP submissions
- Varying levels of detail in commercial partnership agreements in DIPs
- Larger cooperatives typically prefer cash in funding their counterpart in the matching grant
- Assumes capacity limitations of FSPs as a barrier to extending credit to RAPID stakeholders → **not** confirmed by FSPs themselves
- Potential issues with matching grants: a) possible selection of enterprises already likely to succeed without the grant; b) enterprises tend to avoid debt, prefer cash counterpart; c) needy enterprises are those unable to come up with the cash

Findings from process evaluation

Innovation fund:

- Guidelines already formulated, but some features prevent its rollout
- No stock enterprises in the RAPID value chain
- Small investment sizes

Management issues

- IFAD Missions note that project management is driven more by procedure compliance than results, causing delays in implementation
- Database of stakeholder profiles for monitoring is problematic due to inconsistencies and errors in data encoding.

Findings from process evaluation



Source: PIDS Study Team field visit photos

FMI rehabilitation:

- Due to input price escalation, and the decision to cover more areas, the standard project length has to be limited to only 1.5 km.
- Intermittent adjustments in project guidelines have contributed to delays in project implementation.
- The meticulousness of preparation and length of time needed for the prerequisites of the NO issuance posed difficulties for the timely completion of FMI projects
- Climate change poses external risks to the achievement of project objectives:

Summary of baseline survey findings

- Treatment group that largely conforms to the beneficiary selection criteria of the Project, namely from a high poverty municipality, and from a vulnerable group (e.g. IP community).
- Treatment and comparison group of households are broadly similar, such as preponderance of coconut value chain in the sample, followed by cacao and processed fruit and nuts.
- The few items in which differences between the two groups stand out are the following: a) greater reliance of the treatment group on farm income and employment, compared with the comparison group; b) lower indicators of participation in economic enterprise in the treatment group, compared with the control group; c) greater access to government banks and farmer organization credit among the treatment group.

Overall conclusions

- Matching grant scheme induces strong participation of FOs and their members
- Government procurement for VCEs, noted for delays and unreliability, is bypassed entirely; on the other hand, empowerment of communities seen in their direct implementation of key interventions
- Complemented by intensive program of capacity development; DTI opted for a strong private sector role in its main VC project.
- The Project has had its share of implementation problems
- The absence of an adequate M&E system poses serious risks for functionality and sustainability of RAPID investments.
- Finally, implications of the matching grant strategy on **additionality** and **equity** to be clarified at endline



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Thank you!

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