

YouthActionNet®

CASE STUDY SERIES

AGREA:

*WORKING TOWARDS A ONE-
ISLAND ECONOMY*

A partnership between:



GEORGETOWN UNIVERSITY

School of Foreign Service
Global Human Development Program



Introduction

This is one of a series of case studies produced by students enrolled in the Global Human Development Program at Georgetown University through its partnership with the International Youth Foundation (IYF). Students enrolled in a course exploring the role of social enterprises and social entrepreneurs were paired with young leaders of social ventures identified through the IYF's YouthActionNet® program. The students were given the assignment of analyzing the venture's assets, successful methodologies, and opportunities for investment to increase impact. Through this experiential learning process, the student consultants gained hands-on experience and exposure to the needs of social enterprises. The ventures, too, benefited from student insights into their strengths, areas for growth, and recommendations for enhancing their impact and sustainability. The Georgetown practicum is part of YouthActionNet's larger efforts to partner with institutions of higher learning around the globe to integrate social change into the academic experience and career interests of students.

International Youth Foundation

The International Youth Foundation (IYF) invests in the extraordinary potential of young people. Founded in 1990, IYF builds and maintains a worldwide community of businesses, governments, and civil society organizations committed to empowering youth to be healthy, productive, and engaged citizens. IYF programs are catalysts of change that help young people obtain a quality education, gain employability skills, make healthy choices, and improve their communities.

www.iyfn.net

YouthActionNet®

Since 2001, YouthActionNet, a program of the International Youth Foundation, has provided founders of social ventures, ages 18 to 29, with the training, networking, coaching, funding, and advocacy opportunities they need to strengthen and scale their impact. These young social entrepreneurs have pioneered innovative solutions to critical local and global challenges, resulting in increased civic engagement, improved health, education reform, economic opportunity, environmental protection, and more inclusive societies. Our work is carried out through a network of 23 national and regional youth leadership institutes that collectively support over 1,350 young social entrepreneurs globally.

www.youthactionnet.org

Global Human Development Program at Georgetown University

The Global Human Development Program of Georgetown University is home to one of the world's premier master's degree programs in international development. An innovative, academically rigorous skills-based graduate program, the Master of Global Human Development degree prepares the next generation of development professionals to work with public sector agencies, private businesses, and non-profit organizations that advance development. Through coursework, extracurricular activity, and practical fieldwork experiences, our graduates develop the insights, skills, and experiences necessary to become leaders in development and make a difference in our global community.

<https://ghd.georgetown.edu>

INTRODUCTION

Meet Cherrie Atilano, Founder of AGREA

Cherrie is an agriculturist and embraces it completely. With deep knowledge of agricultural practices, she travels the world to learn and educate others in sustainable agricultural practices. Her biggest achievement is AGREA, a social enterprise she started to empower the farmers of the Philippines. Ever since she was young and living on a sugarcane farm her father managed, she has been fascinated with food production. The poor living conditions of farmers motivated her to set up an agriculture-based social enterprise.



Cherrie founded AGREA, whose name is a combination of the words Agriculture and “Gaea”, meaning Mother Earth or environment in Greek, in November 2014. Through AGREA, Cherrie aims to bring sustainable agricultural practices to farmers and provide farmers fair prices for their produce. AGREA’s work is currently focused on the island of Marinduque, more famously known as the heart of the Philippines. Cherrie envisions transforming the island into a developed one-island economy, self-reliant on indigenous produce and with three main goals of zero hunger, zero waste, and zero insufficiency, or self-sufficiency in every aspect of the economy.

AGREA is working to create a living model of a replicable one-island economy.



The Problem

The Philippines is known for abundant natural resources and biodiversity. Over the past decade, the economy has transitioned into an emerging market, moving from agriculture to a more industrialized economy. Almost 30% of the workforce in the Philippines is still employed in the agricultural sector¹ and farmers face competition from cheaper imports, especially imported rice.

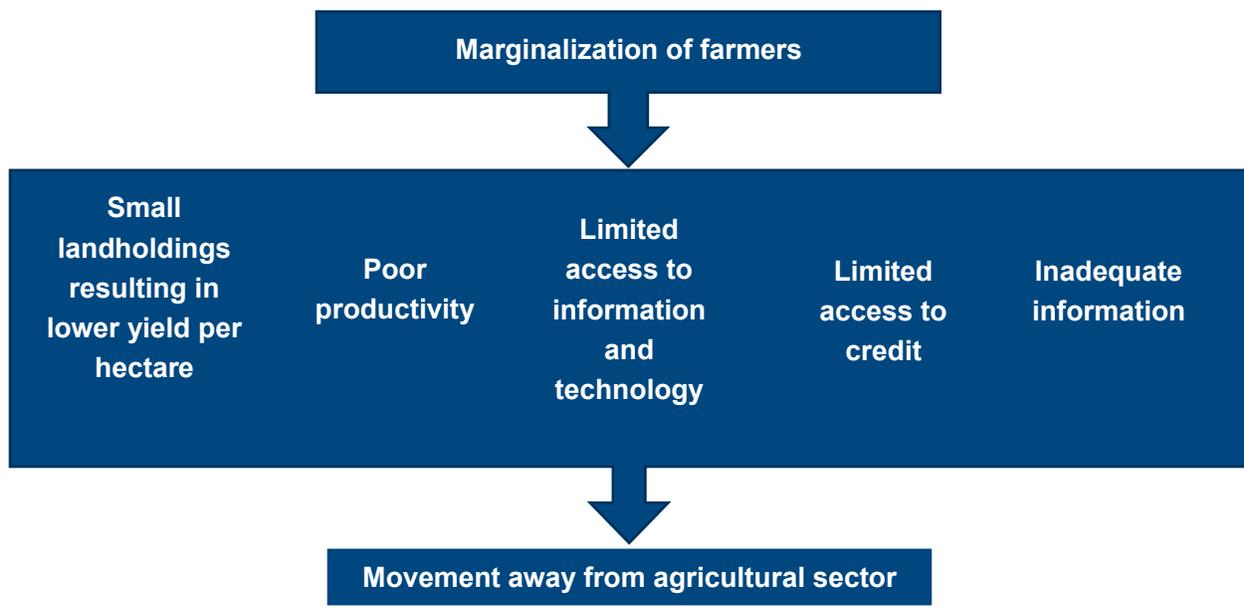
The pioneering breakthrough in rice production that led to more than double yields marked a new era for the Filipino farmer. However, it also caused mass impoverishment across the country. With surplus crops, the prices of rice fell, and coupled with poor land reforms, this surplus and growth only benefitted a wealthy few. A period of drought forced farmers to depend on loans for irrigation, further worsening their incomes (Marco’s Green Revolution).

The Philippines is one of the least mechanized countries in south-east Asia and the agricultural sector has been further hindered by limited government investment in infrastructure, including proper irrigation systems and modern machines. Farms in the Philippines are under-utilized and

¹ <http://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?start=2010>

have lower yields per hectare than in other countries, and poor farming techniques have negative repercussions to the fertile land and the environment. Clear-cutting forests to increase agricultural areas and intensive use of chemical fertilizers have decreased crop productivity and added to the woes of the farmers. These unsustainable practices have reduced soil productivity through soil erosion and depletion. Farmers also lack access to finance, so they are unable to buy new technology that would allow them to compete with the growing number of imports. Today, farmers form the largest marginalized occupation and many leave their once fertile lands to start new lives in the already overly-populated cities (Rice and the Green Revolution).

Figure 1: Issues facing farmers in the Philippines



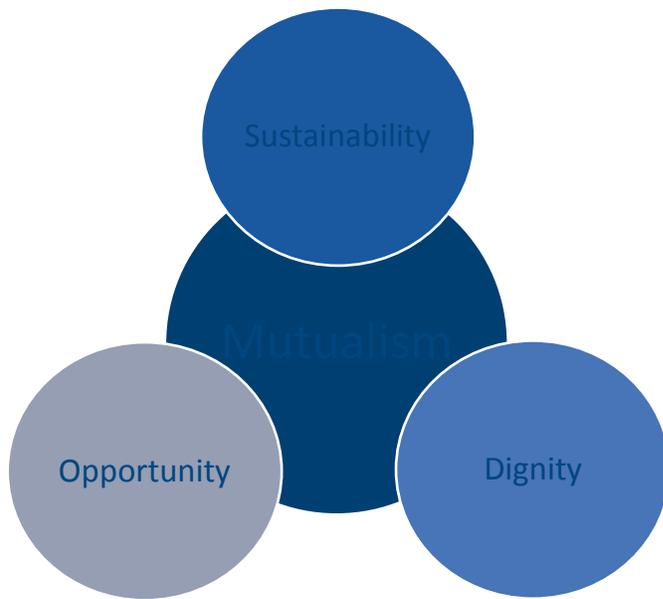
The Solution

AGREA focuses on four aspects to directly address the problems of farmers in the Philippines. To create opportunity, AGREA increases access to finance, technology, and information about farming best practices. An increase in production offers farmers a way to feed their families and earn an income.

To create sustainability within farming, AGREA engages everyone from children to the elderly. A network of trained farmers acts as a leader in the community and trains other farmers on agricultural practices. One important aspect of the sustainability effort is a collaboration with the Department of Education to teach students through practical learning about agriculture through a program called The Garden Classroom.

For youth, agriculture is disdained and considered synonymous to poverty. The problem of sustainability and continuity in this sector considering the interest of the youth is a pressing concern, since the average age of farmers in the Philippines is 57 years old. AGREA aims to restore dignity to the profession through educational activities that create an excitement around agriculture. Programs

Figure 2: Core values of AGREA



engage and prepare youth to take up jobs as agriculturists, food scientists, empowered farmers, or simply become educated citizens and treat agriculture as a good business opportunity.

For AGREA, mutualism is at the core of a well-functioning society. The enterprise's model hinges on mutual dependence between stakeholders. Consumers are dependent on farm produce, and producers are dependent on fair prices, and no community or segment of society could function without the other.

Operational Model

The island of Marinduque was selected as the center of AGREA's operations. Located some 200 kilometers from the capital city of Manila, the small island province is known for beauty and fertile land. Although the province is one of

the poorest in the country, it serves as a good model to build a one-island economy because of the measurable demography of 230,000 people and 95,925 hectares of land, divided into 6 towns and 281 barangays. Further, the island is one of the safest provinces in the country, with near zero-crime statistics, and is also easily accessible.

AGREA is a hybrid model which is registered as a for-profit social enterprise and a not-for-profit foundation. The foundation undertakes activities such as promoting healthy living, nurturing the environment, and incorporating agriculture at different levels of the education system, as well as offering capacity building programs to farmers that cover values formation, skills and technical training and financial literacy. Fostering sustainable agriculture and inclusive business is the main objective of the AGREA enterprise.

AGREA Enterprise

The for-profit enterprise revolves around increasing access to finance, farming best-practices, and new techniques and technology. AGREA is creating partnerships with financial institutions to provide access to microfinance, so that farmers can invest in new innovations to enhance production, such as the System of Rice Intensification, vermi-composting, and micro-irrigation. AGREA also branded the island organic products as "Marinduque in a Bag," a handwoven bag containing island products like turmeric, colored artisanal rice varieties, anchovies, coconut jam, virgin coconut oil, coconut sugar, sweet potato cookies, and raw chocolate (Tablea).

The enterprise also buys crops at the market price to ensure a good profit for the farmers, ending the age-old exploitation by traders. AGREA only buys the produce after setting aside food quotas that suffice the consumption of farmers and their families for the entire year. AGREA's margins are reinvested for the growth of the enterprise, particularly diversification of operations to coconut farming, integrated livestock natural farming, and fish-farming.



The enterprise is in the process of branching out operations to coconut farming and fisheries. It is also working towards going beyond simply supplying raw materials, and instead investing in producing indigenous farm products with rice such as red and brown rice, and with coconut production, such as virgin coconut oil, coconut jams, and cookies. This production will likely provide livelihoods to women, who do not actively participate in farming, but produce these products. Subsequently, AGREA also plans to provide marketing, branding, and packaging services to the farmers to assist in the sale of locally produced products.

AGREA Foundation

Through the foundation, AGREA carries out island conservation and sustainability activities. One such forward-looking activity involves partnering with the district Department of Education to teach young children about agriculture through practical training branded as The Garden Classroom. The students grow fruits and vegetables in the school garden, and the food is then used in school lunches. This serves as an inspiration for parents to have their own backyard organic gardens to meet a family's food requirements.

The foundation also educates residents about the conservation of natural resources, limiting the use of plastic, and waste management methodologies. The programs under the foundation in partnership with the Department of Environment and Natural Resources include tree planting to rehabilitate 45-hectare of denuded Mangrove area, Adopt-a-Tree programs, and coastal clean-up. These programs have been successful in engaging many youth volunteers.

KEY ASSETS AND SUCCESSFUL METHODOLOGIES

AGREA has developed a holistic approach to solve a problem that grips the rural population in the country. Through the enterprise and foundation, AGREA helps provide people access to finance, technology, and information; ensures that farmland is available for future use by preventing soil degradation through organic methodologies; and creates profits to reinvest in communities and solutions.

Farmers First

AGREA identified the prevalent problems in farming and provided access to techniques, information, and credit to create success for farmers. The enterprise then bought produce from the farmers at prices determined by the market and ensured a larger share went to the farmers. For AGREA, a main goal is to prevent these marginalized farmers from getting pushed back into poverty.

Profit-Making Model

Buying from farmers at just below market price and then selling the produce provides AGREA with profits for reinvestment purposes, a model that ensures the continuity of operations and less dependency on outside investors, at least in the short run.

AGREA recently scaled operations to include coconut farmers that harvest copra (dried coconut kernels) and use copra to manufacture coconut products such as oil. A coconut farmer usually sells coconuts to the trader and earns approximately \$8-\$20 in 40 days. AGREA now works with these farmers to extract virgin coconut oil and coco sugar in two separate farming cooperatives to be sold in the market. Additionally, staying true to the community development objective, the enterprise employs community members in producing coconut sugar. Such innovations and smart market decisions will ensure the sustainability of the enterprise along with the sustainable livelihoods of people that are part of these communities.

For the Farmers and By the Farmers

The essence of AGREA's model is providing access to information for the farmers. With a team of only twelve members, such a task would seem insurmountable to reach sixty-thousand farmers in ten years. AGREA has turned this weakness into a strength by strategically employing trained farmers as leaders to empower other farmers in the villages. This promotes collective action and a unified sense of working towards the same goal. This network of farmers-turned-educators is spread out over AGREA's operational activities, including in technical trainings. Today on the island, a lot of farmers are not just farmers but farmer-leaders, farmer-scientists, farmer-educators, farmer-environmentalists, and farmer-entrepreneurs.

OPPORTUNITIES FOR INVESTMENT

Monitoring, Evaluation, and Learning

As AGREA expands operations, the organization will need to collect data on improvements in yields; increases in GDP per capita for the island; and improvements in air quality with the reduction in the slash and burn techniques traditionally practiced by Marinduque farmers. This data could then be used to inform design and implementation of future ventures.

The vision to gauge impact through a Gross Happiness Index does exist for AGREA. However, the index has not yet been formulated. Cherrie has developed a rubric scale to aggregate data on the impact of AGREA's operations, but such a rubric may be impaired by the complexity of the initiative's facets. Investing in a method to assess impact will help AGREA advance operations by identifying the best practices as well as maintain a progress report towards achievement of the 20-year vision. Periodic impact assessment reports could be used to attract investments, since such reports will be instrumental in justifying operations and methodologies to potential investors. They are now working on a partnership for impact measure with the University of Melbourne and Asia-Pacific Social Impact Center.

Aiming for a Long-Term Expansion

AGREA’s vision currently only considers impact in Marinduque. Cherrie mentions the island is conducive for this enterprise and AGREA’s 20-year plan focuses only on this province, however, the plight of farmers in Philippines is widespread. As operations diversify and grow on the island and create a regular stream of revenue, AGREA should aim to widen impact and expand to other islands in the Philippines. The organization should revisit the theory of change and identify a sustainable long term plan, but not at the expense of short-term goals. The organization may have a clear vision, but goals spanning one to two years can help AGREA stay on track and monitor progress.

AGREA SWOT Analysis

	Strengths	Weaknesses
INTERNAL	<ul style="list-style-type: none">• Solution-Oriented Approach• Profit-making model• Farmer networks	<ul style="list-style-type: none">• Small team, multiple operations• Funding model
EXTERNAL	Opportunities	Threats
	<ul style="list-style-type: none">• Investing for impact• Investing in expansion• Investment in human capital	<ul style="list-style-type: none">• Local traders• Government involvement• Higher diversification, higher risk

Investing in Human Capital

The AGREA team consists of twelve members. However, with the need for more trained farmers and increased production, manufacturing, marketing, and branding, the organization needs more employees to run smoothly.

Cherrie has multiple responsibilities, and the organization lacks a robust organization structure and efficient process, and needs to hire people who are experts in business as well as in measuring impacts. AGREA should consider hiring technical experts and more importantly, experienced employees to effectively manage the organizations growth. The team members divide their time between the enterprise and the foundation, which may or may not negatively affect operations. AGREA should gradually increase investment in hiring and the size of the team to sustain a positive impact on operations.

Investing in Partnerships

AGREA should engage more with politicians and businessmen to build new partnerships. The organization’s mission is driven by the support of the local population. However, the majority of efforts so far have been concentrated in the farming communities. Building partnerships with the

local businesses as well as government would help AGREA reach a larger population. Some partnerships exist with government agencies, but the local government should also be included, while the organization remains non-partisan. Partnerships with local businesses are crucial to create a market for the locally produced goods and can also help overcome the challenge of selling to other islands by combining supply networks, lowering cost for all partners.

CONCLUSION

While AGREA tries and tests different revenue models with a focus on scaling, the main objective remains to increase farm productivity while pulling farmers out of poverty. The model of AGREA requires constant innovation and upgrades to technology so that there is no obstacle in the development process and the farmers do not get trapped in the access gap again. AGREA has made many strides and has high potential of impact. With the right investments and adopting key recommendations and an essential focus on systematic change and process excellence, AGREA will be able to realize its vision sooner than later.

FURTHER INFORMATION ABOUT AGREA

- Website: <http://agreaph.com/>
- Facebook: <https://www.facebook.com/agreaph/>
- YouTube: <https://www.youtube.com/watch?v=Ym-HLED7pyo>

AUTHOR

Milan Kaur
M.A. Global Human Development
Georgetown University
mb2139@georgetown.edu

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