



photo: Ra-Miclat-Teves

Alternative Rice Marketing: concerted efforts needed

Farmer cooperators from KADAMA and KALIKASAN found that one of the major economic constraints to improving their economic position was the difficulty of marketing paddy. The National Food Authority can only afford to buy a fraction of the rice produced and it chooses to buy from accredited coopera-

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tives and a few individuals. Farmers are completely dependent on local traders who pay relatively low prices. Getting more control of the rice market and obtaining premium prices for organic and pesticide-free (LEISA) rice and traditional rice varieties could greatly improve the farmers' economic situation.

In 1993, the farmers from KALIKASAN entered a joint business venture with PRRM for Alternative Rice Marketing (ARM). However, they encountered serious difficulties. An exploratory survey was carried out for the ILEIA Research Programme in order to get a better insight into the conditions that determine supply and demand for alternative rice and into current and alternative (LEISA) rice marketing systems (Teves & Liangco, 1999). The study was made in collaboration with five NGOs: AGTALON, PDI, GRASS-ROOTS, GRATIA PLENA and PRRM.

The emerging alternative rice market
NGOs and people's organisations (POs) in the Philippines began campaigning for sustainable agriculture in the mid-1970s as a response and an alternative to the technology introduced by the Green Revolution programme. At that time, the socio-economic programmes being adopt-

ed by NGOs were primarily concerned with increasing the production of rice and other crops. These programmes were very popular, particularly in depressed upland communities where TRVs were being grown. Later, without any clear-cut programmes or funding, alternative rice marketing became part of the overall NGO support scheme. At an early stage, efforts were made to involve farmers in the supply of rice stocks, post-harvest activities, milling and transport as well as in the trading and marketing of rice and other products. Although these projects were undertaken only in specific areas and with very few resources, the support extended to farmers helped them gain control of certain aspects of rice production and marketing. NGOs and POs participated in trade fairs and exhibitions. Pilot marketing of large volumes of rice started in the early 1990s and some efforts were made at Fair Trading abroad.

Marketing assistance usually consisted of providing transport and storage for paddy and facilitating the sale of rice either directly or through intermediaries. Most NGOs were relatively new to this kind of work and had limited time, personnel and financial resources at their disposal. The only NGO to have conducted a market feasibility study on organic rice trading was AGTALON. There is very little information available on experiences with alternative rice marketing.

Constraints to production

Members of those organisations involved in the Teves and Liangco study produced about 2,412.00t of LEISA rice on 517 ha in 1998. Average yields on irrigated lowlands were about 4t/ha although farmers in Gratia Plena had average yields of 5.5 tons. Most of the LEISA rice produced is con-

sumed by the farmers themselves or sold locally. Only 37% is bought by the NGOs for the alternative rice market. One of the reasons for this is lack of capital; another is that the rice is sometimes rejected as inferior quality. The most significant varieties grown for their favorable traits include Diket (glutinous), Aroma (scented), RC 18 (good eating quality), RC 14 & 18 (early maturing), Ag 5, 8 & 10 and M (MASIPAG) 12 & 40. Different varieties are often mixed and this also reduces the overall quality of the final product (cereal) and the purity of seed.

Processing, storage and milling

Climate conditions are not ideal for the post-harvest drying of paddy during the wet season. Harvested rice is mostly sun-dried on concrete highways or pavements. Sometimes paddy is sold wet at low prices to avoid further crop losses. Since drying facilities are very expensive to establish, this is a common and serious problem amongst farmers.

AGTALON is the only NGO with its own portable moisture-testing unit. NGO staff and farmer cooperators follow certain crude testing procedures when judging quality. AGTALON recently developed 'post-harvest quality standards' in order to upgrade the quality of the rice offered for sale. These included assessing the amount of foreign material present and establishing levels of purity and discoloration. Such factors, together with the scent of the paddy are used to determine its class and price.

It was observed that in NGO storage few measures were taken to prevent attacks by rodents and birds and the build up of moisture could not be controlled. Proper sanitation was also lacking. Good quality milling facilities were hard to find in the study sites and, when milled, NGO

Drying paddy in the wet season is a common problem. Sun drying is often done on the road but in Nueva Ecija this has been prohibited.

rice is seldom of high-grade quality. Lower grade milled rice does not command a good price on the market. The prohibitive cost of getting access to large, multi-pass rice mills is another major obstacle. Such mills require a minimum of 3 tons of paddy to run. Starting an NGO milling facility would be very expensive.

Supply still limited

The general market and supply conditions for rice are distorted because of inefficient buying practices in the public sector, unfair practices by rice traders and price manipulation by the rice cartel resulting in low farm gate prices. The importation of good quality rice, i.e. of the aromatic and glutinous type also contributes to keeping prices low.

The premium of P1.00 for pesticide-free (purchase price 1998 P 9.35) and organic rice (purchase price P 9.75), is not sufficient incentive for farmers to go into organic rice production. The retail price of LEISA rice is P 24.00/kg. This is relatively low given that the retail price of commercial rice varies from P 21.36 to P 29.80. Lower costs and production loans of between P 7,000.00 and P10,000.00 provided by the NGOs are the main economic incentives inducing farmers to produce and market alternative rice.

There are several reasons for the small supply of alternative rice.

- Limited availability of organic fertilisers.
- High level of home consumption (20-70 %).
- Lack of government support in the promotion of organic products.
- Lack of loan incentives not tied to the use of chemical pesticides or the use of certified HYV seeds.
- Farmers sell in bulk to local traders to pay off debts.
- NGOs lack capital to buy in rice.
- Farmers sell to local traders in slack months, when higher prices are offered than the ARM system can afford.
- High unit costs for processing, marketing and distribution due to the very low volume produced and the distance to the Manila market.
- Lack of facilities and procedures to improve the quality of milled alternative rice.

Although there is a growing awareness of the need for alternative and sustainable rice production, many constraints still make it difficult for farmers to move in this direction.

Satisfying the increasing demand

There is a growing awareness and demand among consumers for healthy food and alternative rice. We calculated that the

potential demand for alternative rice is far higher than present production can satisfy. Since the supply and retail system is still weakly developed, this potential demand cannot be met. Alternative rice is retailed through direct and walk-in sales and on the open market. Only AGTALON and OPTA have developed retail systems. OPTA, whose source of rice also includes GRATIA PLENA, has established market outlets for alternative rice in Makati, Alabang and other parts of Metro Manila.

Relations between farmers and NGOs are based on mutual trust. The NGOs accept what is offered to them. There is no proper labelling of rice. Consumers cannot see if there is a quality guarantee or if the rice has been produced organically and is pesticide free. A certification system has to be set up which can guarantee quality to consumers. In the Philippines there is an emerging movement that supports alternative rice production and marketing. Food Web and AVDF and their member organisations have started discussions about organic product certification.

At national government level and amongst research institutes there is a growing interest in sustainable and organic rice production. Apparently, it is time to invest in its improvement and in the further development of the marketing system.

The following strategies could be applied for the re-organisation and strengthening of the present ARM system.

- A stable supply system of preferred rice varieties should be established by ensuring a steady supply of good quality seeds and organic fertilisers.
- Facilities for production support should cover a block of rice producing municipalities per province;
- A coordinating organisation for marketing and distributing seed should be set up.
- An overall information and monitoring system should be put in place in the target areas.
- Technologies, skills, available equipment and systems for drying, milling and rice grading should be improved.
- A more in-depth analysis of the alternative marketing policy environment should be conducted to plan future courses of action and advocacy work.

The realities of the problems and potentials of alternative rice production and marketing in specific areas must be grasped if effective improvement plans for the different SA/LEISA and organic rice producing organisations are to be developed. The development of site-specific models for alternative rice marketing would be required to effectively gauge the

Small retailers often reject traditional rice varieties.



Our observations

Current alternative rice production, processing, marketing and distribution activities need to be improved through the re-organisation and further strengthening of the system. There is a need for better cooperation and specialisation among the agencies involved to make it more efficient and cost-effective. A lead agency could be chosen for each stage of the production and marketing chain, from supply inputs (organic fertilisers, quality seeds), quality control, storage and milling to actual marketing and distribution.

capacity of each organisation to implement more aggressive and coordinated programmes, as well as define convergence points for NGOs, POs, consumer groups and other stakeholders in the alternative rice marketing movement.

Based on: Miclat-Teves AG, Liangco GD & Teves RG, 1999. **The emerging alternative rice marketing system in Manila and Luzon provinces: A preliminary study.** Report to the ILEIA Research Programme.

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