

FAIRTRADE PREMIUM IMPACT

PRODUCER NAME: DAVNOR FAIRTRADE COCO FARMERS ASSOCIATION

FLO ID: 38088

COUNTRY: PHILIPPINES

PRODUCT: OILSEED AND OLEAGINOUS FRUITS

SALES AND PRODUCTION:

PRODUCT VARIETY: Organic coconut (whole brown nut)

ANNUAL PRODUCTION CAPACITY: 1.5 MT

AREA: 940 Ha

ABOUT THE PRODUCER ORGANIZATION



Figure 1 General Assembly 2020- Davnor Association of Farmers

DAVNOR COCO Farmers Association was founded in March 2017 and got Fairtrade certified in August 2018 with an aim to improve democracy within the SPO, build better livelihoods, improve standard of living and income of poorest coconut farmers, guaranteed minimum price, better prices & Fairtrade Premium. It is composed of 83 members, 41 are female, from three different municipalities: Tagum, Malita and Sta. Cruz.

All coconut certified small producer organizations in the Philippines are in Mindanao. Mindanao comprises one-quarter of the Philippines' total population and hold significant potential for economic growth. However, instability brought about by poverty, marginalization and conflict has impeded development in many areas throughout the region. Despite its vast natural resources and agricultural potential, Mindanao remains the poorest section of the country.

Farm work is done by family labour and seasonal workers every two months for harvesting and husking. The individual farmer will hire one seasonal worker (more or less) / ha depending on the number of family labour and size of the plots. In general, seasonal workers work on the farm for less than one month in a year. Coconut sales are the main source of income for farmers, and they also earn extra income from banana intercropping or sale of roofing materials made from nipa leaves.

Organic coconut is harvested by the seasonal workers who are skilled in climbing coconut trees to cut the fruit and husking. The buyer will come to the farms to buy brown coconut to be processed into a variety of finished products such as desiccated coconut, coconut chip and coconut water concentrate.

Davnor Coco Farmers produces an annual volume of 1.5 MT of whole organic coconut. Their members farm is certified as organic under Brazil Organic regulation (national standard), EU Organic Farming standard, Korean Certified Organic, and USDA NOP. It is harvested four times a year on March, June, September, and December.

‘TREE OF LIFE’- THE HOPE FOR A BETTER LIVELIHOOD FOR COCONUT FARMERS IN MINDANAO



PREMIUM PROJECTS AND OUTCOMES (2018-ONGOING)

Widely known as the “tree of life”, the coconut tree (*Cocos Nucifera*) has an endless list of products and by-products derived from its various parts. From the tree, to the husk, to the oil – from food to drink, to shelter to cosmetic purposes. However, in general, coconut farmers in the Philippines have limited knowledge on the products being produced from whole nut. For them, receiving a good sale from selling copra or whole nut is enough. With Fairtrade it started to change gradually.

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In just few months of certification, they received a significant amount of Fairtrade Premium. It was decided that each of the group- Tagum, Sta. Cruz and Malita will receive cash premiums and distributed fairly based on the computation from their buyer Coco Davao Inc. who majorly assists the organization. The FT processed products are being sold to Europe.

Based on the need assessment between the groups it was decided that the utilisation of the premium amount would be targeted at: -

- Raising the quality of livelihood of each farmer's members.
- Convincing the members to abide the laws of Fairtrade with the help of Coco Davao; and
- Producing more economic project to support the farmer members.

ECONOMIC IMPACTS:

- **Livelihood Projects- Distribution of Goats, Goat Rearing Training as additional source of income**



Figure 1 Fairtrade Premium Project: Distribution of Goats & construction of goat house

Though coconut production was the principle source of income for the farmers, they lacked a regular source of income to support them throughout the year. Animal farming is largely pursued in the region as complementary or supplementary activity with small ruminants having higher survival rates under drought conditions compared to large ruminants. Therefore, goat rearing was a viable supplementary source of income in the region during lean seasons and practiced mainly by resource-poor families.

Moreover, because of their higher reproductive rates and smaller reproductive cycle flock numbers can be restored more rapidly. Goats also require less maintenance and can efficiently survive on available shrubs and trees in adverse harsh environment in low fertility lands. This makes it an ideal investment for generating additional source of income. The farmers can generate extra cash by selling fresh milk and its value-added products, cattle dung is utilised during compost making etc.

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A better income means more money to buy food and the ability to invest in generating other food sources, such as growing new crops. This gives farmers more control over their lives when times are hard, worry less about how they will feed their families and be able to provide enough food for the people they care about, all year round.



Figure 2 Distribution on materials to construct Goathouse

Investment in animal wealth and integrating it with crop production systems can largely contribute to the farmers income growth and equity. In 2018 total amount distributed to the 03 groups for the livelihood project (Goat Raisings and Credit and Savings) including operating expenses were approx. 14900 EUR to Malita, 15788 EUR to Sta. Cruz and 13500 EUR to Tagum. 28 farmers were also trained on effective goat rearing and the technical know-how.



"I inherited 5 ha land from my parent's, and I can't recollect the time when I started farming. Coconut production is my only source of income for providing food and shelter for my family and education for my 04 children. I never thought that Fairtrade would bring huge difference in our lives. Fairtrade is our hope and it's beautiful." Ceredonio Yap, holding a coconut seed ready for planting. Yap is a member and officer of DAVNOR Fairtrade Coconut Farmer's Association (DAVNOR) in Davao del Norte, Philippines.

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- **Increase capital of the Association: - Credit and saving services to members and Fund Raising**

In order to ensure the association has enough budget saved to meet unexpected expenses and to carry out other member functions such as groups meetings etc, they jointly agreed to start collecting membership fees and settle monthly dues in a common fund. This can act as a source of capital build-up of the organization.

The association also started Credit and Savings Services to members with Revolving Funds. It lends credit financed with the Premium money, with considerably lower interest rates than on the free market (a monthly interest of 5% for members and 10% for non-members). This means that the workers can ask for support so that they can afford things they would otherwise not be able to buy, which can boost their quality of life and social status.



Sta. Cruz, Philippines - Maxima Horcales, farmer-member, mother of 6. She inherited 3ha of land with estimated 800 coconut trees.

“We used our Fairtrade credit/cash assistance to invest in production like paying our local ‘piece’ workers to harvest our nuts and to purchase organic inputs for our farm. I also have coffee trees, papaya, and other fruit trees that we consume and sell the excess during weekend market. The additional amount we received in selling our nuts to Fairtrade buyers give us better deal and boost our confidence to improve our farming. I hope someday, despite of limited land to tender, my family can have a secure and happy life. Thank you, Coco Davao, NAPP and Fairtrade consumers for making it possible”

SOCIAL IMPACTS

- **Capacity-building Training for officers and members**

Fairtrade Organizational Capacity Building Training was imparted to its members and officers to enhance their skills and competency in setting internal regulations and effective management of the Fairtrade premium. Training was organized by NAPP and partly funded by FT premium covering travel and boarding expenses of the officers.

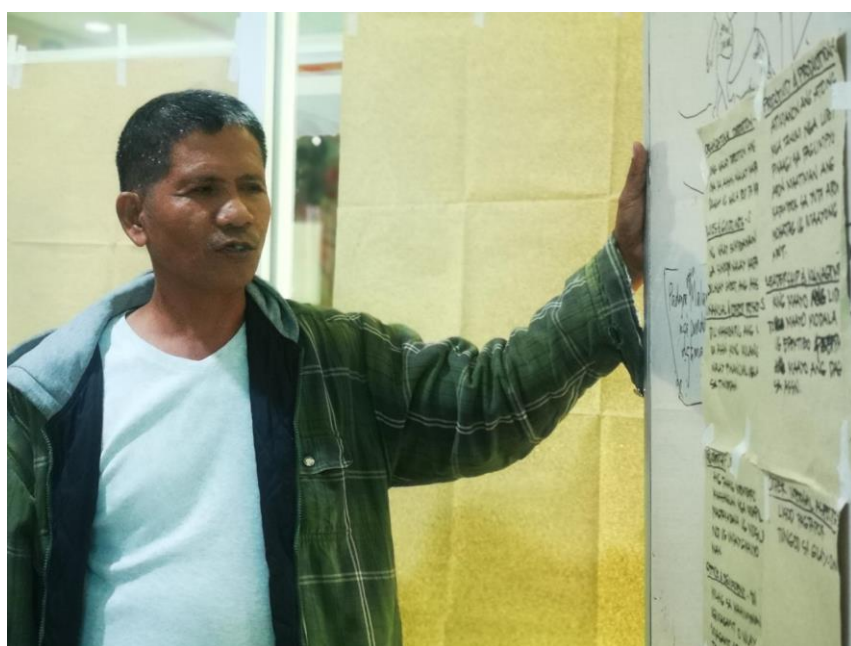
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“Fairtrade gives us hope and opportunity to develop ourselves while getting better price for our coconuts. It is not easy to be a farmer and a Mother of 5 at the same time. I hope our buyer will continue to support and buy our products so we can have more resources to invest in social and economic program and services to our members and communities”- *Trinidad G. Goliat, Board member:*

- **Investment in Producer Organization**

Approx. 5500 EUR of the Premium amounts were invested in the Producer Organization for its administrative expenses such as: organising General assembly meeting, transportation and meals, office supplies, fuel, rental, and other miscellaneous expenses.



“We believe that to achieve a fair economy, farmers should take the lead. Without farmers and workers, there will be no food. Being a farmer, we always feel inferior to others due to lack of proper education. Every day, we need to think on how to feed our children, to work hard to send them to good schools, get educated so that they can find better jobs and forced to become a farmer like their father

When I learned about Fairtrade concept, values, and principles, I started to change my perspective.

With the support of Coco Davao and NAPP, we felt more confident. We are thankful to the safety net and FT Premium that we can use to improve the lives of our members. The price of coconut in the past

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few years has been low. It is not enough to sustain our daily needs, but with Fairtrade and organic differentials, we earn better than other non-FT farmers. We have just started our association, which still lacks in several aspects. We are facing internal dynamics as the association is built of three clusters located far from each other, but if we remain united and guided by Fairtrade principles, we will overcome these challenges. On behalf of my organization, we are grateful to our consumers. Please choose Fairtrade and buy more Fairtrade coconut products from Philippines.”- *Romeo Gabriel, Chairperson and Board Member of Fairtrade Producers Network in the Philippines.*

- **COVID-19 Relief Risk Mitigation Support 2020**

In March 2020 Fairtrade International announced the provision of increased flexibility on Fairtrade Premium use and decision making in view of COVID-19 pandemic. Post which the SPO took a collective decision to make use of the Fairtrade Premium to cover the immediate short- term needs of the farmer members. 2500 php was the budget allocated per member for providing food essentials such as rice and canned foods along with a cash distribution of 1500 php per member. The SPO has 83 members who were all supported through the Project.

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