Mars Inc. & The Livelihoods Fund for Family Farming

Helping soil regenerate and farmers to professionalize

'Resilient Coconut Farming in the Philippines', a 10-year (2018-2028) initiative on the island of Mindanao that has been spearheaded by Mars Inc. in partnership with the Livelihoods Fund for Family Farming, the Integrated Rural Development Foundation and coconut manufacturer and exporter Franklin Baker. The initiative aims to help smallholder farmers on Mindanao learn regenerative agriculture techniques, improve their yields, diversify the crops they grow and secure better prices for their products. It has the following targets:

- **6,000 farmers trained on regenerative agriculture practices**
- **5 cooperatives empowered (involving 30 farmer associations)**
- **10,000 hectares transitioned to regenerative agriculture**
- **1,000 women and 1,000 young farmers engaged**

The impetus

Coconut farmers are among the poorest in the Philippines and they grow coconut trees out of necessity. Most coconut farmers haven't been trained in regenerative farming practices. Furthermore, they often have little connection to the factories and exporters that make up the end market for their crops.

The result is low yields from Mindanao coconut farms and low incomes for coconut farmers and their families. In the long term, the coconut trees risk becoming fragile with yields dropping further.

The solution

Mars and Livelihoods Fund worked collaboratively with farmers and local stakeholders to ensure that the regenerative solutions were tailored to their landscape and commodities.

For instance, a coconut tree is typically grown on a plot of 10 square meters. This created the possibility of intercropping to increase Mindanao farmer incomes. Suitable intercrops also brings the benefit of adding nutrients to the soil. Coffee and cocoa, for example, are particularly advantageous to combine with coconut trees, but not rubber (which some farmers were growing), as it competes with coconut trees for the same nutrients.

Regenerative agriculture techniques offered further opportunities to improve coconut yields through boosting soil health. By covering the soil with husks and cuttings from the harvest, farmers could increase moisture retention. Through planting grass, they could reduce the need for fertilizers.

Training in crop diversification and new farming techniques is not enough, though, if your goals involve developing resilient livelihoods. The project partners knew this from other initiatives and the issue was heightened when coconut price plunged during the COVID-19 pandemic. To keep the farmers from abandoning their coconut trees, Mars introduced a price floor, guaranteeing to offtake regeneratively-grown coconuts at above-market prices. This kept farmers engaged until coconut prices increased a year later.

Another critical piece of the puzzle was to change the farmers' positioning in the agricultural value chain. Mars and Livelihoods developed partnerships for this with farmer cooperatives. They also collaborated with Franklin Baker as an industrial partner, involving them in operating the coconut trading with the cooperatives and developing the market for the intercrops.

As the farmer cooperatives in Mindanao developed, they began to innovate themselves, for example, by organizing their members to team up to cover the roots of the coconut trees to encourage moisture retention. This regenerative practice is highly labour and time-intensive for an individual farmer — far less so when teams of farmers come together to cover somebody's trees in a day.

Two key learnings

1. **Ensuring sustainability of the project:** Once farmers learn that increasing the biodiversity of the soil also increases the yield of their crops, they want to continue farming regeneratively. Similarly, when suppliers see the long term cost benefits of offtaking sustainable products, they change how they buy. This creates an ecosystem for a sustainable value chain.

2. **Importance of collaboration:** Value chains are also networks of personal relationships, as the partners discovered when they began offering premium prices for coconuts. Sometimes farmers would refuse to change buyers because of family ties, for example. It is crucial to understand the social fabric of local communities — and partner with local NGOs to unlock the social dynamics at play. It was through this process that the cooperatives emerged as important to the program's success.

What's next?

Mars is eager to build on the Mindanao initiative and others like it. The company views the creation of sustainable supply chains as critical to its long-term business resiliency, to lowering emissions, and considers acting for sustainability as a key factor for Mars to recruit top talent. The question is how to achieve scale across the larger network of supply chains? It will take 10 years to transform 10% of Mars' coconut supply chains — what about the next 90%?

One answer is to enhance public-private collaboration around supply chain transformation. Mars and Livelihoods Fund for Family Farming provide the trainers and extension officers in Mindanao. If more governments were to take on regenerative agricultural training of smallholder farmers, how much more quickly could the practices spread?

OP2B Pillar 1:

Scaling up regenerative agriculture

This pillar defines specific actions within the value chains of OP2B members on regenerative agriculture. Scaling up alternative farming practices that will leverage the power of plants to keep carbon in the soil (carbon sequestration) and increase the capacity of soils to hold water. It will further enhance the resilience of their crops, support the livelihoods of their farmers, and regain the nutrient density of food while decreasing reliance on synthetic inputs. OP2B has carried out a series of case studies of regenerative agriculture initiatives by member companies. This case study falls under pillar 1.

Impacts as of June 2021

1,600 farmers enrolled

1,000 farmers trained

5 cooperatives supported

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