

The Agriculture Cluster Model

Cluster farming isn't new to most parts of the world, including Africa. It is not unusual to find rural dwellers farming in a group and within the same location as families, cooperatives, partners, out-growers, etc, for many reasons, which may include land possession, security, shared costs/benefits, collaboration, etc.

The cluster farming approach stimulates the production and productivity of small farmers, ranchers, and forestland owners. A cluster is a group of farms/farmers and/or allied food and agricultural enterprises, individuals, institutions, and agencies working together on shared interests and toward a common goal.

Theoretical Approach of Cluster Farming A cluster farm merges 3-10 smaller farms in terms of management and resource allocation. This approach consolidates the limited and scattered resources from the smaller farms, increases the scale of production and thus, lowers the per-unit production cost to benefit everyone involved in the cluster. Simultaneously, it diversifies the costs into different products and markets the products in bulk, which simultaneously decreases the marketing cost. The reduction of production and marketing costs makes the product affordable for low-income families.

Moreover, the increased scale of production enables cluster farms to increase the quantity supplied and this, in turn, increases the amount of revenue that small farmers get. Clusters may include cooperatives, associations, networks, and other community-based organizations focused on increasing farm profitability for the participating small farmers. Figure 1 shows a conceptual framework of cluster farming. It reinforces the preceding explanations of cluster farming.

The Impact Cluster Agribusiness Model

The Cluster Agribusiness model is about a group of businesses, usually SMEs, involved in various activities in the agriculture value chain, coming together as partners in a common operational location for mutual benefits. They could be engaged in similar activities or activities along a specific value chain or mixed agricultural activities or along inter-related and inter-dependent activities, etc. In many cases, they operate in the same location.

The Benefits of Cluster Business Model

1. Better access to research/technical information
2. Better sourcing of good quality inputs/materials
3. Better quality of extension services
4. Greater access to markets
5. Better access to financial support, etc
6. Improved negotiation power
7. Lower cost of operations
8. Promotes the establishment of cooperative groups
9. Promotes strategic alliances for agribusiness development

Farmer's Pride International intends to develop partnerships between clusters of small farmers, ranchers, and forestland owners with (1) commercial food systems, including food-based corporations, school systems, the timber industry, and other markets that have a commitment to enhancing the profitability, (2) selected larger farmers to buffer volume requirements to sustain commercial and diverse market contracts, and (3) facilitate peer-to-peer cooperation between cluster members for the transfer of information, opportunities, and technology. The target group of farmers are small family operations, including farms of the socially disadvantaged, veterans, women, underserved farmers, and other traditionally marginalized groups. An integral component of the program is managing risk through deliberate diversification at the market as well as the farm level.