

from islands of success to
Seas of Change
a report on scaling inclusive agri-food markets



Produced by the Centre for Development Innovation,
Wageningen UR, for the Seas of Change Initiative.

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The Seas of Change Initiative

The Seas of Change Initiative is coordinated by the Centre for Development Innovation (CDI) of Wageningen University & Research Centre. The partners and supporters in this first phase of the Initiative were: *the International Fund for Agricultural Development (IFAD), Rabobank, the International Finance Corporation (IFC), the Sustainable Food Lab, Agri-ProFocus, the BoP Innovation Center, the SNV Netherlands Development Organisation (SNV), the Royal Tropical Institute (KIT), the Sustainable Trade Initiative (IDH), the Technical Centre for Agricultural and Rural Cooperation (CTA), Wageningen UR Agricultural Economics Institute (LEI), and the Dutch Ministries of Foreign Affairs and of Economic affairs, Agriculture and Innovation.*

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FOREWORD

Feeding nine billion people and lifting several billion out of poverty are among the world's most pressing challenges for the coming decades. Gone are the days of tackling such challenges simply by providing aid from richer to poorer countries.

'Inclusive business' and the role of the private sector in overcoming poverty and inequality has received much attention in recent years. Business leaders are increasingly committing and aligning their companies to sustainably feeding the world. The multitude of emerging examples illustrate it is 'good business'. However, to have significant impact on poverty and food security requires a massive scale up of these emerging examples.

Innovation driven by investment opportunities and entrepreneurship can be a powerful force for positive change. But this is far from automatic. Businesses need to see and understand the opportunities of more sustainable and inclusive ways of working. Governments need to help create supportive incentives and investment climates. NGOs and researchers must contribute critically as knowledge providers, brokers, and intermediaries.

The agri-food sector is unique given its economic size and global reach, being the livelihood base of most of the world's poor, and because food security is a basic need for us all. But the agri-food sector struggles with the risks of dynamic markets and climate variability, the multitude of small-scale suppliers involved, and the impact of diverse government policies and regulations on the business climate.

Going to scale in inclusive agri-food markets was discussed, illustrated and debated by 100 leaders from business, government, NGOs, research, and farmer organisations during the 'From Islands of Success to Seas of Change' event in April 2012 in The Hague.

The excellent balance of key players during the 'Seas of Change' event combined with participants' seniority and experience led to a 'hot house' for sharing ideas and networking.

As this report captures, there are no silver bullets but a diversity of follow-up actions to accommodate the diversity and dynamics of the agri-food sector. Tailor made solutions are inevitable for individual businesses and specific commodities in different geographic and market contexts. The 'Seas of Change Initiative' is a platform for generating the inspiration, critical questioning, sharing of ideas and partnerships that make possible the much-needed local innovation and creative entrepreneurship.

This report outlines the issues that we must face in scaling inclusive agri-food markets and points in the direction of how progress can be made collectively towards sustainable and equitable food security.

Bas Rüter

Director of Sustainability
Rabobank Group



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The Seas of Change international learning workshop and the preparatory research were made possible by the interest and support of many individuals and organisations. Over half of the participants at the workshop had a role in preparing input, giving presentations or leading sessions. This wide base of support was highly appreciated.

The thirteen partner organisations working together in the Seas of Change Initiative, all played a critical role in helping to shape the idea and bring the event to fruition. Financially, the initiative was made possible through generous support from IFAD, Rabobank, CTA, Wageningen University & Research Centre, the Dutch Ministry of Foreign Affairs and the Dutch Ministry of Economic Affairs, Agriculture and Innovation. Other partners contributed significantly through the time they invested and by assisting their staff and partners to participate and prepare inputs for the workshop.

Senior representatives from government, business, UN agencies, NGOs, producer organisations and research took time to engage in the workshop. See Appendices One and Two for a full list of contributors and participants.

A number of individuals gave generously in thinking through and building support for the initiative from the start. We would particularly like to recognise the contributions of **David Rosenberg** (Ecom), **Don Seville** (Sustainable Food Lab), **Michaël de Groot** (Rabobank), **Peter Erik Ywema** (CORE Management), **Willem Wefers Bettink** (IFAD), **Jan Ubels** (SNV), **Myrtille Danse** (BoP Innovation Center), **Marije Boomsma** (KIT), **Hedwig Bruggeman** (Agri-ProFocus), **Dave Boselie** (IDH), and **Sietze Vellema** (Wageningen UR).

The background research involved interviews with some 40 representatives of business and development organisations. The time these people gave and the insights they shared was key to the background research and formed an important foundation for the Seas of Change workshop. Lucia Wegner, an associate consultant with Wageningen UR Centre for Development Innovation (CDI), did much of the background research with great dedication.

None of this would have been possible without the wonderful and often behind the scenes support of CDI staff. Much appreciation goes to Monika Sopov, Simone van Vugt, Annemarie Groot Kormelinck, Klaas de Vries, Nomie Butt, Annette van 't Hull, Titia Magendans and Elisabeth Hopperus Buma.

The energy and enthusiasm with which all the invited participants engaged during the workshop was a key to its success. We are profoundly grateful to all the participants for their willingness to share, collaborate and candidly expose their own mistakes, uncertainties and questions.

To everyone involved in so many different ways a very big thank you. We trust that what comes from this will do justice to your efforts and support.

Jim Woodhill

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1 INTRODUCTION

This report summarises the findings from the first phase of the ‘From Islands of Success to Seas of Change’ learning initiative on scaling inclusive agri-food markets. The initiative aims to improve understanding of how agri-food markets can contribute, at a significant scale, to food security and rural poverty reduction while still building profitable commercial relations. In April 2012, the Seas of Change international learning workshop brought together 100 leaders from business, development organisations, government, farmers organisations and research for a dynamic and frank exchange of experiences, innovations and questions. A series of background research studies provided a rich backdrop for the discussions.

‘Inclusive business’, especially in the agri-food sector, has become a hot topic for the private sector and development organisations. Sustainably feeding nine billion people, ensuring food and nutrition security, tackling poverty and inequality, and being resilient to climate change all hinge, in some way, on creating more inclusive ways of doing business. While numerous examples of inclusive agri-food business and sustainable value chains have emerged over the last decade, do these efforts remain ‘islands of success’? Which ‘islands’ can generate a ‘sea of change’? The question of our times is how to make change at scale possible and, given the urgency of growing crises, how to do so quickly.

While the overall body of experience on sustainable and fair food security is rapidly growing, the lessons and insights for bringing success to scale remain fragmented. Finding practical ways forward is, therefore, an urgent innovation agenda.

Scaling up inclusive agri-food markets demands the creation of new business models, innovative financing mechanisms, effective partnerships, and supportive policies, as well as the mobilisation of peoples’ capacities. Large multinational corporations have the opportunity to scale inclusive approaches rapidly throughout their global operations, and thereby to set an example. But to achieve inclusive and sustainable business at scale, local markets with investments in local entrepreneurship and support for local businesses are just as important. In this report we use the term, ‘inclusive markets’, rather than ‘inclusive business’ to broaden the focus and recognise the many players in markets alongside business.



Vincent Lokin, Director Cooperatives and Governance of Rabobank Netherlands, officially opened the event:

“There is a huge challenge ahead; many interests are at stake. To beat this challenge, collaboration is key. The good news is that almost without exception all parties admit this – it’s in the air. The exact form still needs elaboration and that is exactly why we are here.”

Partners and participants

Profitable business can be a powerful motor for change in tackling poverty and achieving sustainability. But as was stressed by business over and over again, they can’t do it on their own. Creating the enabling conditions for inclusive and sustainable markets calls for effective partnerships between business, producer organisations, policymakers, donors, civil society organisations, knowledge institutes, and international agencies. The Seas of Change initiative is an example of such partnering in action.



“From Islands of Success to Seas of Change”

Report setup

Part One examines **what** is meant by ‘inclusive agri-food markets’ and **why** it is important for business and the common interests of us all. The concept of ‘scale’ is discussed. It rounds off with an impression of the workshop and what value it had for participants.

Part Two draws on the background research, and includes a framework for analysing inclusive agri-business initiatives. What business says about inclusiveness is shared, followed by insights from the commodity studies and an overview of the case studies.

Key Questions:

- Which inspirational examples are emerging in what contexts?
- How does the scale of change match with what is needed?
- What are the key hindering and supporting factors in going to scale?
- What are the roles and responsibilities for different players in rapidly putting good ideas into practice at larger scale?

Part Three consists of two-page summaries of the ten challenges for going to scale that arose from the background research and which were explored in detail during the workshop.

Part Four first draws together the emerging insights for business models that work for scaling inclusiveness in the agri-food sector. Key lessons for government, business, producer organisations, NGOs and research institutes are then summarized. The report ends with outlining a follow-up learning agenda.

This agenda has been formulated to enable future research and knowledge-sharing that considers the operational needs of business while tackling the wider challenge of working collaboratively to create an enabling environment with the right incentives for scaling inclusiveness.



If you would like to get involved in the Seas of Change learning initiative, please do not hesitate to get in touch via info@seasofchange.net. For further details and access to the full background studies visit www.seasofchange.net

2 WHAT ARE INCLUSIVE AGRI-FOOD MARKETS ?

The 2008 World Bank Development Report on 'Agriculture for Development' emphasised the importance of the agriculture sector for economic development in general in low income-countries, and for tackling growing inequity in emerging economies. This is logical, if we consider that 75% of the world's poor live in rural areas and depend on agriculture, and that half of the world's food comes from 450 million small-scale farmers.

In this report agri-food markets refer to agriculture and food value chains, including food, fibre and fuel, along with all the market activities of production, processing, wholesaling, retailing, and the associated service provision. Structural inclusiveness requires collaboration between all the parties operating in and around agri-markets. The future opportunities available to small-scale farmers play a key role in all the efforts going into achieving greater inclusiveness. Other equally important opportunities include agri-related employment, small- and medium-sized enterprise development for upstream market activities, and service provision.

While inclusive business is rapidly becoming the overarching concept, other notions include: Corporate Social Responsibility (CSR), sustainable sourcing, shared value, social entrepreneurship, and business at the Bottom or Base of the Pyramid (BoP). In this report our core term is inclusive agri-food markets but we will use this somewhat interchangeably with inclusiveness and inclusive (agri-food) business. In other words, we are talking in this report about creating profitable business relations supported by government, NGOs and research that help to create economic opportunity for poorer groups and countries and which contribute to global food security for all.

Agri-food markets are inclusive when they:

1. Create opportunities that enable small-scale farmers and their cooperatives to become economically viable business partners in supply chains.
2. Support small- and medium-scale enterprises to flourish as processors and service providers along the supply chain.
3. Provide employment opportunities under fair labour conditions.
4. Establish agri-clusters/centres that help to drive overall rural economic prosperity.
5. Deliver healthy, affordable, accessible food products and services for low-income consumers in rural and urban areas.
6. Give all stakeholders and in particular marginalised groups (small-scale farmers, women, youth, unorganised labour) a voice in governance and investment.



“An inclusive business seeks to contribute towards poverty alleviation by including lower-income communities within its value chain while not losing sight of the ultimate goal of business, which is to generate profits.” The World Business Council for Sustainable Development.



Specific dimensions

Many sectors, from energy to manufacturing to communications, are contributing towards the establishment of inclusive business. While a great deal could be learned and adopted from these other efforts, the agri-food sector has a number of specific dimensions that require unique approaches and innovation. Some of the topics that feature regularly in the Seas of Change learning initiative include:

Uncertainty and risk

Agricultural production is a particularly uncertain and high-risk activity, because of its fundamental dependence on weather conditions. As is the case in most other sectors, some of those uncertainties could certainly be eliminated by means of improved technology and communication. This structural risk, and the question as to who should carry the costs when things go wrong, is what makes debates on inclusiveness particularly difficult.

Dispersed supply base involving huge numbers

With some 450 million producers operating worldwide, inclusive agrifood markets need to figure out how to work effectively with very large numbers and at a reasonable cost. These producers invariably live in dispersed rural areas and are often forced to rely on poor infrastructure. Aggregation and bulking are critical aspects of all agri-food markets. Doing this cost effectively in a way that improves profits and other incentives up and down a value chain is key to inclusive business models.

Dispersed client base involving huge numbers

The flip side of the aggregation challenge is trying to disperse goods and services to large numbers of poor rural and urban consumers in an effective and affordable way. Producers and local entrepreneurs are also clients for goods and services, such as agricultural inputs, credit, training, market information, and so on. Again cost effective delivery of these goods and services is key to inclusive business models.

Product perishability

Agricultural products are highly perishable and must be consumed on a daily basis. Inclusive agribusiness markets must create processing, storage and logistical systems that are geared towards supplying the billions of consumers at the base of the pyramid, while keeping the end products affordable to those who can least afford it.

From waste to closing cycles

Inclusive markets must also include the full cycle of production, consumption and waste. Agricultural and food waste are, in fact, essential components of the production system. New approaches are needed to find ways of closing the cycle in order to allow sustainable daily production for nine billion people.

3 THE CASE FOR INCLUSIVE AGRI-FOOD MARKETS

A market of 9 billion

The global agri-food sector has two interconnected dimensions: a so-called '9-billion future' and a '1-billion problem'. The '9 billion' is the size of the future global consumer market. The World Business Council for Sustainable Development, among many, sees enormous business opportunities in the need for innovations and services that will make it possible to feed so many daily in a sustainable way.

At the same time 1 billion people go hungry daily, with another billion people living in marginal economic circumstances. Furthermore, most of the population growth will take place at the bottom of the economic pyramid. By 2050 there will be around 4 billion people at the base of the pyramid: if this group undergoes significant economic development, it represents a massive new market opportunity. Ignore it and half the world's population goes hungry, and creates global instability.

Key facts and trends

Today

- Some 75% of the world's poor live in rural areas and depend on agriculture.
- Out of the 1 billion people who are suffering hunger in the world, 58% are in Asia, 25% in Africa, and 17% in the rest of the world.
- About 2.6 billion people depend on agriculture for their livelihoods.
- There are 525 million farmers in the world; 90% are smallholders.
- Smallholders produce about half of the world's current global food requirements.
- Africa and Latin America have the greatest potential for increasing agricultural production.
- Between 1981 and 2005, overall poverty in Asia fell from 60% to 40% of the population but absolute numbers stayed static.
- In Sub-Saharan Africa, between 1981 and 2005, overall poverty stayed at 50% of the population with absolute numbers rising from 214 million to 390 million.

By 2050

- The Global population will peak at 9.3 billion by 2050.
- The population of Africa will double, adding 1 billion people.
- The population of Asia will also increase by 1 billion people.
- Most of the population growth will be at the bottom of the economic pyramid.
- World food prices may rise 30-50% in the coming decades.
- Two-thirds of the world population will live in urban areas; a 50% increase with potentially major increases in urban poverty and slums.



“The social and political instability that is an inevitable consequence of large national or global inequalities is in nobody’s interest, least of all for those who want to do business.” Bill Gates.

Six reasons

A strategy that addresses these challenges, with the potential of also satisfying the global food demand, offers six reasons for why it is important to scale inclusive agri-food markets. Three of those reasons concern the wider public good and share a common interest. The other three relate more closely to specific business interests.

Common interests

1. Feeding the world

Producing and distributing enough food for 9 billion people by 2050, including 70% living in urban areas.

2. Tackling hunger and poverty

Developing agricultural production and markets in ways that help to create wealth, jobs and economic opportunity for those at the bottom of the economic pyramid.

3. Peace and security

Organising and controlling agricultural markets to reduce inequalities that could generate political instability and social unrest, which translates into greater risks for business investment.

Business interests

4. Securing a stable supply base

With growing demand for agri-food products and pressure on natural resources, businesses will increasingly need small-scale producers and processors for their supply base.

5. New market opportunities

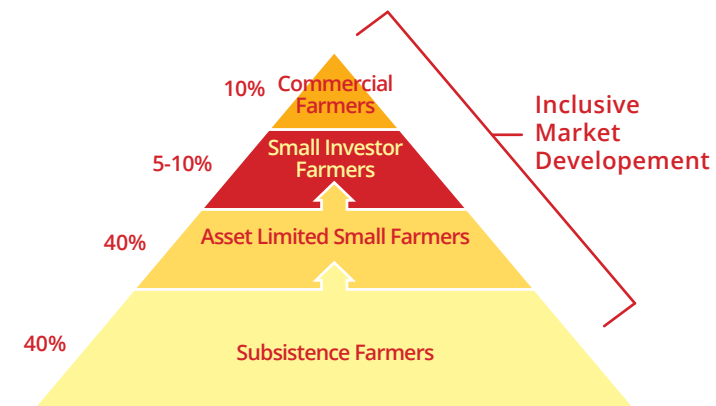
Generating a positive spiral of wealth with large numbers of people at the base of the economic pyramid.

6. Responsible Reputation

Businesses are able to enhance and protect their reputation for social responsibility and ensure a ‘licence to operate’ in the face of growing public scrutiny of business practices and rapid communication technologies.

Pushing down the economic pyramid

Practically this means business needs to figure out very different ways of connecting to both suppliers and markets. Currently most modern agri-food markets are built around a ‘comfort zone’ of 10% large-scale commercial farmers, and 10% of small farmers who have the assets and capacities to connect to modern markets.



Inclusive market development is about finding new ways of doing business that make it possible to work with the 40% of asset-limited farmers who have the short-term potential to become commercially viable. Here too lie the challenges of scaling: hundreds of millions of farmers with limited organisation, networking, assets and capacities. And the potential: a massive increase in the number of producers of food for all, and generators of economic impetus within their communities.

4 TACKLING SCALE

Why scale is so important

The magnitude of the issues prevalent in the agricultural sector is simply vast. Inclusive agri-markets must therefore develop meaningful responses at commensurate scale. Unless they are scaled up, good initiatives are likely to remain 'islands of success', instead of becoming accepted common practice and functioning as seas of change. Scaling up, however, requires specific and explicit effort.

The World Bank (2005) defines scaling as "expanding, adapting and sustaining successful policies, programs and projects in different places and over time to reach a greater number of people". There is a growing interest in and literature around the idea of scaling, with connections to complexity science and systems thinking.

By 'scaling' we simply mean bringing about change at a sufficiently large scale to make a significant impact on our challenges or goals. While we have come across many islands of success, the workshop discussions underscored the fact that there are still very few seas of change to be found.

Not just bigger!

The challenge for 'scaling' is that, what works successfully at small scale will not necessarily work at larger scale. What works in one situation, will not automatically work in another. We need a much better understanding of what is needed to help good initiatives grow rapidly; following which we need to deliberately put in place appropriate incentives and mechanisms to facilitate the anticipated scaling process.

There are at least three different ways in which scaling occurs: One route is for initiatives to grow bigger and bigger while continuing to use the same processes and structures in dealing with larger volumes of products or numbers of people. Another route is copying ideas and business models; i.e. scaling up through multiple smaller initiatives. A third form involves innovation and adaptation, whereby scaling occurs through the rapid development of many new ideas and initiatives based on inspiration from initial successes.

Scaling up



Scaling Out



Scaling Adaptively



Using markets and allowing failure

One of the structural impediments to international development cooperation is the phenomenon that the level of investment is relatively small in comparison with the scale of the challenges. Sometimes, even if a project is successful, there are simply not sufficient resources available to make things happen on a larger scale. As a result, there is a growing tendency to view the markets and entrepreneurial spirit as powerful and necessary engines for taking ideas and products to levels of large-scale delivery and use.



“We need to view problems as business opportunities - it only takes one innovative person to realize opportunities that nobody else sees” Lucy Muchoki, CEO, Pan African Agribusiness and Agro Industry Consortium.

At the same time, it is also important to recognize that many business ideas and investments also fail. We tend, of course, only to notice those that succeed. We must remember that, in natural systems, as in the case of economic systems, there are many failures for every success that goes to scale. High levels of ‘experimentation’ (mutation, selection and replication), and hence high levels of failure, are what enable systems to evolve. In other words, scaling is not simply about copying success; it is also about enabling high levels of innovation, experimentation, and feedback.

How do businesses scale up?

Successful inclusive business models can take a long time to scale. Pathways to scale are often iterative, rather than linear. Some companies think of it as one long series of pilots. Seeing it through takes time, money, senior buy-in, and significant dedication from staff involved. The questions to answer must include: How do the short-term costs of adapting core business stack up against the longer-term benefits? Where are the key influence points that need to be leveraged to create internal buy-in? What are the indicators that an inclusive business model is ready to scale? What are the most common mistakes to avoid?

The whole system

Scaling never happens in isolation from wider contexts or ‘systems’. Another way of tackling scaling is to look at how fundamental changes occur in whole systems. Sometimes systems evolve gradually through the cumulative effect of internal changes. Other times, external shocks or pressures force sudden and dramatic changes. In some situations the dynamics are such that the desired changes occur very quickly, while in other situations the static forces in the system appear almost insurmountable.

Change at scale happens through external shocks or pressures



Change at scale happens through internal innovation and evolution



Scaling-up change demands clarity concerning the questions as to whether gradual, incremental nudges will tip the system over or whether the root causes (structures) should be tackled directly.

Power and interests

The power of the different players involved and their interests will always play key roles in the change process, irrespective of whether the change concerns individual businesses, value chains or the entire agri-food system. Brokering change at scale demands understanding of and working with the interests of all the different parties concerned, and helping people to see that there may be different ways of fulfilling their interests.

5 A FLAVOR OF THE WORKSHOP

The culmination of the first phase of the Seas of Change initiative was the international learning workshop held in the Hague on April 11-13, 2012. Informed by the background studies, that are also summarised in this document, the workshop gave leading practitioners from business and development organisations the opportunity to review progress on inclusive agri-food market development and chart future directions. Parts Three and Four of this report provides an overview of the main discussion areas and conclusions from the workshop, and further details are available on the web-site at www.seasofchange.net.

The participants

Much of the energy around the event was driven by bringing together an unusual mix. Successful local business players, leaders from farmer organisations, senior representatives from global agri-food businesses, influential researchers, leading NGO players, policy makers and senior staff from international agencies. With a very strong business presence many participants commented on how much they valued this mix. The list of participants is in Appendix Two.

The agenda

Day One set the scene. Key contributions from **Chris Brett** (Olam), **Lucy Muchoki** (Pan African Agribusiness and Agro Industry Consortium), **David Bright** (Oxfam), **Ibrahim Coulibaly** (West African farmers organisations), **Kevin Cleaver** (IFAD), interspersed with informal networking, round table discussions on sectors and feedback on the preparatory research created a common understanding of the issues and opportunities. **Day two** went into depth on ten scaling issues that are covered in Part Three, the contributors to these sessions are listed in Appendix One.

Day Three focused on emerging challenges and ideas for follow up that formed the basis for Part Four of the report.

Along with much intense small group discussion and a lively plenary session, the workshop was rounded off with reflections from **Jim Woodhill** (CDI), **David Rosenberg** (Ecom), **Gine Zwart** (Oxfam), **Duncan Pollard** (Nestlé), and **Marie-Hélène Collion** (World Bank).



David Bright, Kevin Cleaver.

The outcomes

Deeper understanding; new ideas; enlarged networks; inspiration; new partnerships; different angles on business; priorities for follow up – much was taken away from the workshop. **Duncan Pollard** from Nestlé said in his closing comments that his company can only achieve their inclusive business objectives in “partnership with others - government, farmers, civil society”. “This meeting has helped with the alignment process among all of us” he reflected.

Based on the ideas in Chapter 4.3, Towards a Follow Up Agenda, the partners and organisers have agreed to take this agenda forward. Indeed even during the workshop a series of new activities and initiatives were already being hatched between participants.



“Innovation is not just about creating new ideas or technology, as important as these are, the real innovation challenge is putting solutions into practice at scale.”

Professor Martin Kropff, Rector Magnificus, Wageningen UR.

Given the interest shown, in the second half of 2012 plans for a follow up event in 2013 will be made along with efforts to mobilise a five year learning and research programme.

The networking dinner

On the first evening of the workshop a networking dinner was held, with leaders from Dutch agri-food companies and development organisations joining the workshop participants. Professor **Martin Kropff**, Rector Magnificus of Wageningen UR welcomed participants and hosted the dinner. **Atul Mehta**, Director of Global Manufacturing, Agribusiness and Services at the International Finance Corporation (IFC) also addressed the dinner, and outlined the importance IFC gives to inclusive agribusiness.



In his key note address **Ben Knapen** reflected on the changing role of development cooperation in a world where huge capital flows now far exceed development aid:

I don't believe in a paradigm of rich vs poor countries: it doesn't exist anymore. Looking at poverty, what you see is that by far the most poor people live in middle-income countries. Addressing this by simple transfers is outdated and doesn't address the way globalised international relations work. ... I think the role of governments in this case is gradually moving ... [towards] brokering of international responsibility"



Martin Kropff, Jim Woodhill, Ben Knapen.

Ben Knapen, the Dutch Minister for European Affairs and International Cooperation, was the guest of honour and he took the opportunity to launch the new Dutch public private partnership facility for Sustainable Entrepreneurship and Food Security.

Public Private Partnership Facility for Sustainable Enterprise and Food Security.

Launched by Ben Knapen at the Seas of Change workshop, this 125 million Euro facility is designed to support Dutch businesses to partner with businesses in developing countries to help achieve sustainable entrepreneurship and food security. The facility provides scope for businesses to also work in partnership with NGOs and research institutions. Providing a 50% subsidy grant, the scheme is aimed at helping businesses to tackle sustainability and food security challenges that are high risk and not initially commercially viable. Further information is available at www.agentschap.nl.

5 A FLAVOR OF THE WORKSHOP

Effective learning events are partly 'magic', with an element of mood that can never really be guaranteed. However, much can be done to invite that magic to manifest itself. The quotes below represent a few of the key success factors the participants shared with us. We trust that they will help shape many more worthwhile exchanges.

"The contributions were kept short and sharp. It was not a talk and presentation fest."



"Great to have a neutral convener, who could draw in all the parties, but was a competitor of none."



"The preparations and publications were an excellent read and effectively triggered the thinking."

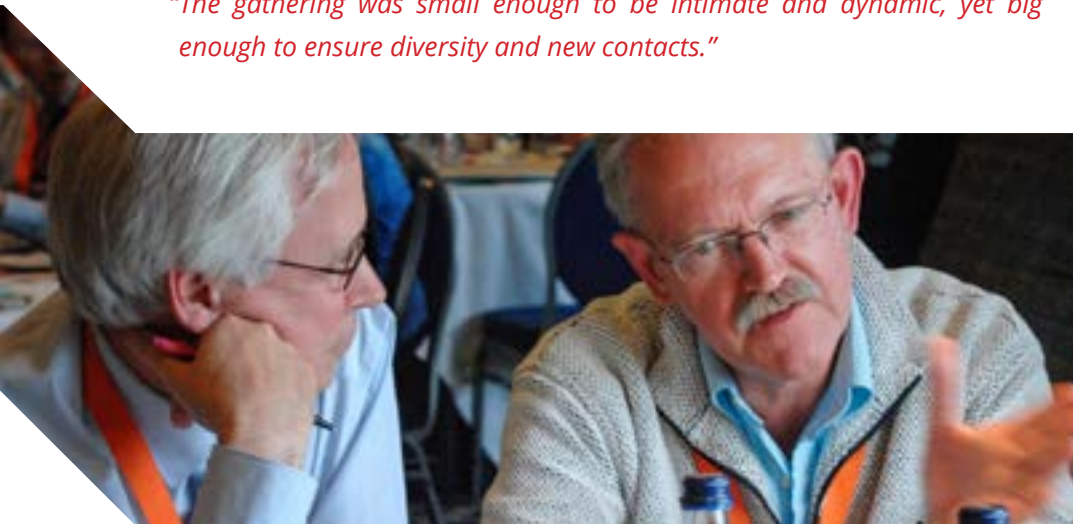


"The venue was professionally informal. Being able to move between spaces, with beers at the beach, contributed to a sense of 'talking among friends!'"



"It was a co-creation: 90% of the participants contributed before or during the workshop."

"The gathering was small enough to be intimate and dynamic, yet big enough to ensure diversity and new contacts."



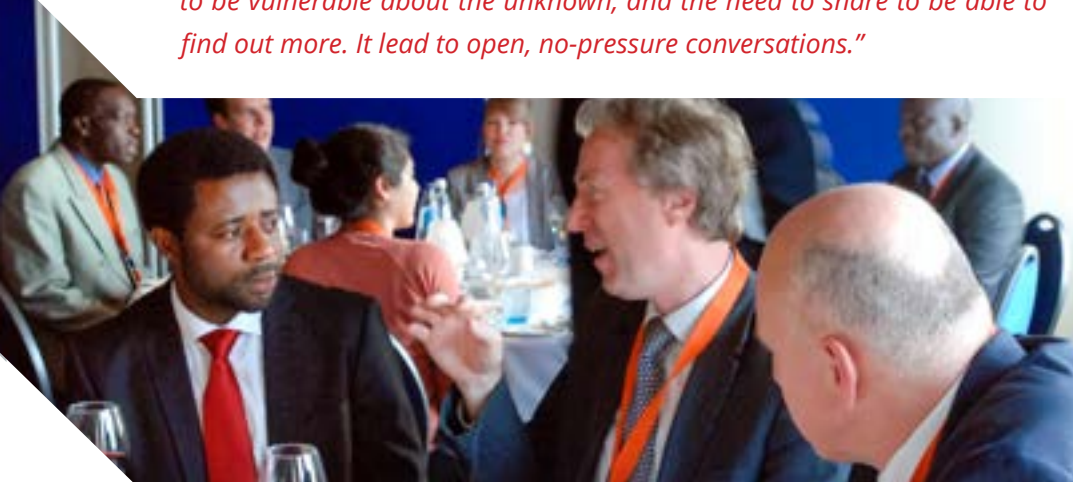
"I'm so glad you pressurized me into coming."

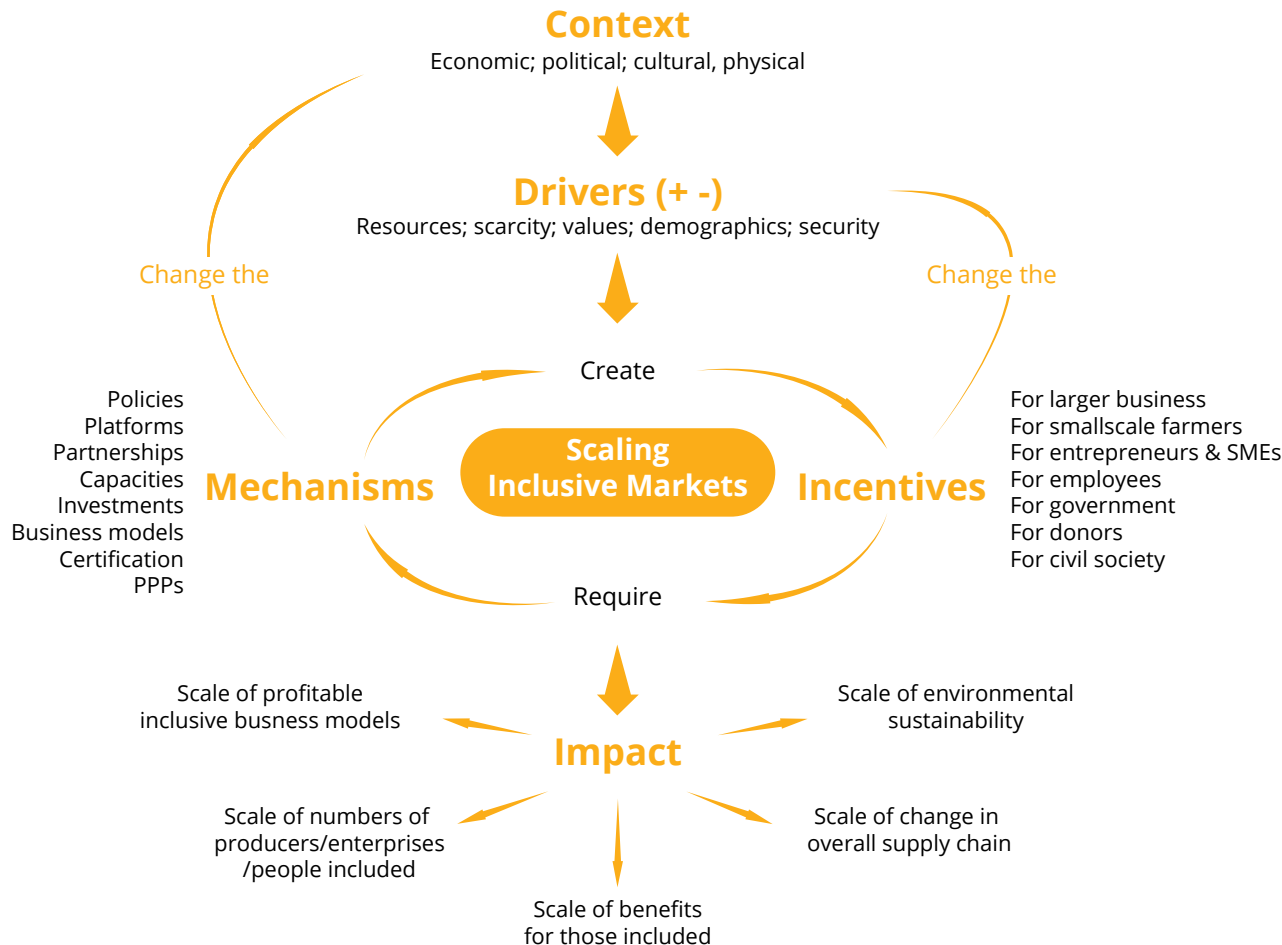
"The mix of participants was great: a diversity of actors with a common ambition; a very strong business presence. The participants were peers in experience and engagement."



"The workshop felt safe. Useful information was balanced with a willingness to be vulnerable about the unknown, and the need to share to be able to find out more. It led to open, no-pressure conversations."

"There was enough time to really talk things through. And thanks to a substantial amount of open time during the course of the program, it was also possible to follow up interesting leads."





While the 'why' or the 'conceptual win' for scaling inclusive agri-markets might be clear, there is still a long way to go to understand how to make these markets work to meet the parallel objectives of profitable business, poverty reduction and environmental

sustainability. To help explore the 'how', in this chapter we propose a simple framework for analysis. This framework was used to analyse the first round of examples and case studies that were reviewed in the lead-up to the Seas of Change workshop.

The key elements of the framework are:

Context

These are the key factors in the wider environment that shape the thinking about inclusive markets and that will influence the process of putting the concepts into practice. They include economic, political, social, and biophysical factors, and trends at global, national and local level.

Drivers

These are the key trends within the context that create the drive for inclusive agri-food market development. Each of the six reasons outlined in section 1.3 - about why it might make sense to focus on inclusive market development - is underpinned by a specific driver. They include the rapidly growing demand for food, changing diets, rapid urbanisation, demographic changes, consumer demand for socially responsible business practices, and supply constraints in specific commodities.



Incentives

These are the specific reasons why it would be in the interest of particular actors (business, traders, farmers, government, and donors) to engage in inclusive agri-food market development in specific situations, and why they would be interested in doing so at a larger scale. If there is no incentive to do so, there will be no change, and therefore no scaling. Scaling often requires finding creative ways of meeting what might, at first sight, appear to be different or competing interests. It is therefore critical to understand which elements serve which actor's interests and which incentives are important. Given the enormous diversity at play within the agricultural sector, it follows that the incentives can often only be understood in relation to very specific contexts; e.g. a particular value chain, a particular location, or a particular business operator.

Mechanisms

These are the specific means by which inclusive agri-food markets can be developed and scaled. The mechanisms are what create the incentives for the actors to behave in particular ways. Outgrower schemes, payment procedures, certification systems, taxation arrangements, public-private partnership programmes, new technological innovations, and more efficient farmer extension practices are all examples of mechanisms that could influence the actions of different actors. The challenge is that, in most situations, different sets of mechanisms need to work together to create an overall set of incentives that will work for all the different players that must cooperate in the process. A coherent, deliberate set of mechanisms could also be viewed as an **approach**; for example, certification is an approach consisting of different mechanisms.

Impact

Do we ultimately see any changes where we want to make a difference? Impact at scale is more than just numbers: it is also about the depth and the kind of effects that are brought about. Are we seeing growth in profitable inclusive business models that could and are being adapted and adopted? Are more small-scale producers actually involved, and are they really benefiting? Are there significantly more economic opportunities available for the less well off?

To assess impact we need to know what to assess, what can be directly measured, and what needs a more qualitative understanding. Monitoring impact and learning between stakeholders is also essential to make sure the theory of change being used is valid and that strategies will achieve results.

Using this model could help to understand where change is necessary, and what kind of intervention could be tried. It could also help to avoid the mistake of focusing on an 'obvious' approach that is not particularly relevant. For example, a company could invest heavily in supporting more inclusive production (a technical mechanism), but if its purchase managers are not incentivised to buy the inclusive products preferentially, then there might not be any kind of impact in the end. It could also save a lot of effort in terms of in-company changes in situations where collective lobbying for changing the context would actually be the proper procedure to follow.

Leading international agri-food firms and business platforms have begun to set ambitious sustainability goals and targets over the past few years. The Seas of Change initiative looked into the sustainability ambitions of four business platforms and 10 agri-food firms. These goals and targets range from general statements of principle to quite specific targets for reducing environmental impact. For the full report see www.seasofchange.net.

Entering the mainstream

Sustainability and inclusiveness are increasingly important competitive issues alongside brand recognition, reputational risk, access to resources, and supply chain efficiency. These topics have moved out of the civil society/activist domain and are starting to be accepted as mainstream concerns. Scaling efforts and impact is a key issue for business, as the quotes from a range of agri-food companies on the next page illustrate.

Business leaders are increasingly speaking out, not only about what their own businesses will do, but also about the seriousness of the issues we face, and the wider changes needed in society. *“What we require now are new business models. A new form of capitalism based on equitable and sustainable growth.”* said **Paul Polman** of Unilever, when addressing a meeting of business and development organisations in 2011.

However, interviews with representatives of agri-food firms reveal a growing concern about how the goals and targets are going to be met and how the impact will be assessed and reported. Failure to achieve any ambitious goals that have been set as a core part of the business strategy or failure to clearly demonstrate their impact also raise the potential for reputational risk.

Clear targets

The relative lack of specific objectives and targets for inclusive business is apparent from a review of new, emerging strategies. Clear targets related to reducing greenhouse gas emissions, energy efficiency, and water use, for example, are being set on the environmental front. Social issues, such as fair labour and working conditions are also being spelt out more clearly. It is however much harder to pin down the exact delineations of the domain of ‘inclusive business’. Some companies, such as Unilever, have been quite explicit with regard to working with specific numbers of small-scale farmers, while others, such as Nestlé, have pledged specific investments to support small-scale farmers. However, to date there has been little focus on monitoring and reporting on the social and economic impact of such commitments.

The Global Reporting Initiative (GRI) is a non-profit organisation that promotes economic, environmental and social sustainability. GRI provides all companies and organisations with a comprehensive sustainability reporting framework that is widely used around the world.

The **UN Global Compact** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalisation, can help ensure that markets, commerce, technology and finance will advance in ways that benefit economies and societies everywhere.



Common goals

One future area of work would be to formulate commonly agreed objectives and ways of assessing inclusive businesses. This would facilitate the process of better aligning early-stage efforts, and help to better delineate public and private costs and benefits.

Apart from the larger Northern agri-food companies, national and local companies also play a key role in the inclusive question, and must therefore be involved in the formulation of common goals and assessment frameworks.

Emerging economies

A future challenge for the Seas of Change initiative is to focus more on the emerging economies; especially China, India and Brazil. Population growth and the welfare situations in those regions will significantly shape the global agri-food system in the decades ahead. China's ambition of becoming the world's greenest economy, as formulated in the current five-year economic plan, demonstrates a strong awareness of these global issues and the opportunities. In addition, its national policies, which favour smallholder farmers, have led to the development of some very large-scale inclusive agri-food market projects.

Key reports and documents

- World Business Council for Sustainable Development Vision 2050 www.wbcsd.org
- World Economic Forum New Vision for Agriculture www.weforum.org
- SAI Short Guide to Sustainable Agriculture www.saiplatform.org

Company	Examples of inclusive goals and targets
Ecom	Inclusive business is central to our sustainability work: that is, working in a way that creates shared value for smallholder farmers. We facilitate their involvement in our programs and, in doing so, create positive impact in the countries where we operate.
Mars	Our aim is to source more sustainably produced raw materials, boost incomes and create mutual benefits for the communities that produce them. Our business depends on a long-term supply of quality cocoa, and we believe this begins by increasing the farmers' yields, incomes and quality of life. We are committed to sourcing 100 percent of our cocoa from certified sources by 2020.
Nestlé	It is our firm belief that, for a company to be successful in time and to create value for its shareholders, it must also create value for society. We call this Creating Shared Value (CSV). It is our basic way of doing business. Over the next ten years, Nestlé will invest CHF 110 million in the plan to help improve the livelihoods of farmers and their communities.
Olam	We are committed to on-going leadership in developing the livelihoods of farmers within the global supply chain. We aim to bring prosperity to our farming communities.
Rabobank	We think that our cooperative roots and strategic focus on the agricultural sector create obligations. We have the ambition to contribute to global food security and the MDGs with priority areas of food security, employment, poverty reduction, financial inclusion, and the promotion of cooperatives.

The importance of specifics

To really understand how inclusive business works, it is necessary to look at specific commodities and value chains, as the context and drivers can be quite different for each one. For example, the dynamics of coffee and cocoa, as globally traded commodities, are very different from those that drive dairy and horticulture, where the produce is fresh and local trade is a significant factor. Keeping this in mind, the Seas of Change initiative looked at six different commodities in which small-scale producers will remain predominant for the coming decades. This background study is based on 35 interviews with businesses, NGOs, and think tanks, as well as on existing literature and inspirational examples (see www.seasofchange.net/commodities for the commodity factsheets).

Coffee and cocoa

Coffee and cocoa have become the 'poster child' commodities of inclusiveness and certification. Both are high-value export commodities that are largely grown by smallholders, both face supply constraints, and both connect to wealthy, product-conscious consumers. All of this adds up to a lot of attention from business, NGOs, and international development agencies. Much high profile work has been done to increase productivity and quality, and to ensure environmental and social protection. Many companies are using certification schemes and, as a whole, these sectors are now moving towards a point where 20% of their production output is being certified. In spite of all of the above, the real social and economic impact on the producers and local communities has not yet been assessed very effectively.



Fresh products

The context and drivers in fresh products, such as fruit, vegetables, dairy and meat are very different to cocoa and coffee. Local markets become important, as do their direct relationships with retailers. Certification schemes are used to a lesser extent; however, given the fact that food products are more perishable, it is all the more critical for them to meet food quality and safety standards and traceability criteria. Smallholders are using a wide range of business models: some of the more successful examples include outgrower schemes in which local producers have been given training, market access, and financing. This, in turn, has enabled those smallholders to diversify their crops and sources of revenue.



Rice

Another interesting crop is rice, the staple food for more than half of the world's population. Innovation is developing rapidly in sustainable rice-growing practices. For example, India's rice intensification system has led to higher productivity and improved food security. The Seas of Change workshop highlighted the importance of giving more attention to scaling inclusiveness in staple commodities, as this contributes to food security and builds on strong local markets.

When comparing commodities it becomes clear that the importance of smallholder agriculture is different today from what it will be like in the future. Cocoa is and will always remain predominantly smallholder based, cotton has a smaller, but very important smallholder sub-sector, whereas soya, for example, is predominantly a large-scale farming commodity.

Drivers for business

While there are a number of commodity-specific drivers, there are also a number of common drivers emerging across all the different commodities. The most robust and structured of those drivers is the increasing pressure on businesses to secure stable supplies for the growing global demand in the face of the decline of our natural resources. Leading businesses are increasingly seeing the need to invest in strong localised supply chains that are loyal to them in the sale of their products. Having to deal with this pressure moves inclusiveness out of the CSR domain for the farmers and makes it an essential core business strategy for long-term viability. This has significant implications in terms of the scale of investment and the embedding of an inclusive approach throughout the company. Other increasingly important motivations for businesses to invest in greater inclusiveness include reputational issues and product branding.

Sara Lee: *"The paradigm has changed. We are in a situation of shortage of supply and high prices for most commodities. There are strong incentives for companies to move closer to farmers: increase productivity, attract future generations to farming, and react to consumer pressure."*

Mars: *"The big problem in terms of the lack of inclusiveness in the cocoa sector is that there are no incentives to motivate the suppliers to extend sustainability programs to the unorganised farmers, who constitute 80 to 90 percent of all cocoa farmers, because there is no guaranteed 'return on investment' due to the high risks and costs involved."*

Below we list some key insights, gathered directly from stakeholders. They show the differences between the commodities in terms of the contexts, the incentives and the successful scaling-up mechanisms in cocoa, horticulture, and rice.

1: Cocoa - key insights

Over 90 percent of the world's cocoa is grown by 5.5 million small farmers (mainly in West Africa). Eighty percent of all cocoa farmers are not organised in cooperatives. The sector suffers from underinvestment, low productivity and low farm gate prices. It is a fight for the source.

Incentives for inclusiveness:

Cargill: "Attracting more farmers to cocoa production, increasing cocoa quality and productivity, having more formal partners to source from and to support, and involving farmers in certification programs. Initially, it is the price incentives of the certification programs but, in time, also trust and other greater benefits (e.g. pre-financing of crops, training, warehouse facilities, etc.)."

Mechanisms for scaling up:

Armajaro: "Set more stringent criteria for productivity and align standards".

Mars: "Reach unorganised farmers". **The Africa Cocoa Initiative:** "Embed sustainability strategies at producing country level". **Cargill:** "Training in Good Agricultural Practices (through local institutions) and strengthening cooperatives."

What made your business model inclusive and successful?:

Mars: "Putting the farmers' productivity on first priority, revitalising existing cocoa plantations through a network of Cocoa Development Centres and Cocoa Village Clinics that provide training to trainers and nurseries, and bringing services and inputs closer to the farmers".

Scale of inclusiveness so far:

TCC Cocoa Barometer: In 2009, some 3% of all cocoa was produced sustainably. By 2010, approximately 550,000 (10 %) cocoa farmers were trained. But the impact of certification on the farmers' livelihoods is still unclear. There are no impact measurement techniques that are easy to apply. Reaching the large number of unorganised farmers remains a major challenge. Certification should become more inclusive in its reach and impact".

KPMG: "There is a business case for farmers and traders to invest in the certification of cocoa production, but only for farmers who already have a basic level of organisation and education."

Goals: TCC Cocoa Barometer: "By 2020, more than 43% of all cocoa will be certified (about 1,777,000 farmers will have to be trained). **Mars:** "Our commitment is to purchase 100-percent certified sustainable cocoa by 2020."

2: Horticulture - key insights

Vegetable crops, including roots and tubers, are the second most important group of crops produced worldwide after cereals. Global production exceeds one billion tons every year. In some countries, the agricultural growth potential is more strongly linked to diversification into high-value horticulture crops. Horticulture can be significant in terms of the inclusiveness of the small farmers.

Incentives for inclusiveness:

Hillside (Kenya): "Smallholder farming is more cost effective." **SPAR** "Stores save costs by procuring locally and in turn increasing their competitiveness."

Mechanisms for scaling up:

Africa Flowers, "Intermediary for solving coordination problems along the chain."

The Sustainable Pineapple Association: "A safe platform of dialogue."

africaJUICE: "Spinoffs from export-oriented horticulture."

SACCOS: "Financial innovations."



What made your business model inclusive and successful?:

EOSTA: *"Transparency and traceability."*

Nature & More: *"Trace and tell systems."*

Known Impact:

Fairfields (exporter of fresh vegetables): *"A combination of training and technology packages improves the farmers' productivity and income. Training in crop rotation has led to improved food security."*

Challenges for scaling up:

Consistency of supply, adherence to phytosanitary standards, difficulty to adapt to the pull culture of supermarkets, and the high risk involved in producing without certainty from retailers.

3: Rice - key insights

One-fifth of the world's population - more than one billion people - depend on rice cultivation for their livelihood. Rice is the fastest-growing food staple in Africa and one of the most important and fastest-growing staples in Latin America. Both regions are net importers. Asia, where about 90 percent of all rice is grown, has more than 200 million rice farms; most of which are smaller than one hectare.

Incentives for inclusiveness:

The food crisis provided an excellent opportunity in the global markets. Unsatisfied domestic markets bear great potential for commercialising rice as a smallholder cash crop. For farmers: organic rice costs less to produce than traditional rice and fetches higher prices.

Mechanisms for scaling up:

Colruyt supermarket: *"Certification leads to the use of good practices in rice growing, higher quality and higher returns."*

SNV, Zambia: *"Multistakeholder platforms for better sector coordination for policy*

and advocacy." **UMFI, Philippines:** *"Increase ownership: suppliers can become shareholders."*

CGIAR *"Apply sustainable intensification methods, e.g. System of rice Intensification."*

What made your business model inclusive and successful?:

SNV and local private processors in Zambia: *"Targeting the middle men - aligning the incentives of producers and processors."* **Colruyt supermarket/Fair Trade/Veco in Benin:** *"Technical innovation thanks to participation in Fair Trade certification."*

Known impact:

CGIAR: *"The System of Rice Intensification in India and Vietnam has boosted rice productivity and quality, mitigated greenhouse gases and increased income for farmers up to 50 percent."*

Upland Marketing Foundation Incorporated (UMFI) in the Philippines: *"Sales of organic rice have risen by 54 percent in volume, and by 89 percent in monetary terms in the Philippines between 2001 and 2006. The farmers' net income increased by 119 percent."*

Challenges for scaling up:

Increasing volumes of rice produced to meet local and regional demand, increasing business performance of many SMEs involved in the value chain, strengthening the production process, and marketing.

Source: www.seasofchange.net/research/commodities/fact-sheets

Ecom Agroindustrial Corp. is investing in 13,000 farmers in its coffee supply chain in Central America and Mexico. Africa Flower, in Kenya, has created a small but thriving export business for the US market with significant flow-on effects. The table, on the next page, summarises only a few of the growing number of situations in which local and international agri-food businesses are working with small-scale farmers and local entrepreneurs in an inclusive way.

Limited examples at scale

All of the examples and case studies sought for the Seas of Change initiative involved inclusive agri-market initiatives. While there are hundreds of cases, only a much smaller number were actually relevant to scaling, and enjoyed solid business engagement. That notwithstanding, the 40 different cases provide inspiration and form a very valuable source of learning. Although it has only been possible, so far, to carry out preliminary scoping and analysis of the cases, this has already yielded the range of effective mechanisms and business incentives described elsewhere in the other sections. It also revealed the limited scope of the work that has been done to date in cross-case studies and business analyses, as well as how important this is for new and growing initiatives.

Two common principles

Experienced practitioners at the workshop often repeated that the cases emphasise the fact that effective inclusive approaches are highly context-specific. It is therefore pointless to try to distil a single representative blueprint. The cases do, however, point to two guiding principles.

The first is the critical importance of working on trust by building transparency and reliability into the chain. The big challenge is to do this for tens, if not hundreds of thousands of producers and other chain actors. The second principle is that all the parties must invest in providing capacity building among the smallholders to enable them to meet the quality and quantity requirements determined by the buyers. The initial case study work also illustrates the importance of understanding both the incentives for and the mechanisms of inclusiveness along a value chain, both of which could be a source of ideas for adaptation and mutation in other contexts.

Common challenges

The cases also illustrate the significant challenges inherent in taking inclusive approaches to scale. All of the cases dealing with large numbers of small-scale, unorganised producers feature logistical and cost implications that tend to create major commercial barriers. Effective aggregators in the farming systems, who are able to interact effectively with large numbers of producers are key players in all the cases analysed. The absence of such aggregators invariably represented a barrier to effective scaling.

Another conclusion derived from all of the cases was that it is hard to get a clear grasp of the actual impact of the initiatives. Most of the data go no further than to offer rough estimates of the number of farmers involved, with some indication of the increases in the yields and turnover. Generally speaking, no overall metrics and measurements systems are available to analyse the impact on the livelihoods of the farmers in question nor of contributions to wider scale economic development.



“We’ve been integrating small-scale farmers in a very coherent way. Never underestimate how many products and commodities come from small-scale farmers into our supply chains.”

Chris Brett, Senior Vice President, OLAM.

Significant increases in farm productivity is a key factor in the success of the producers, as well as in economic viability for upstream purchasers. Achieving such significant increases in productivity in a sustainable way requires well-functioning extension, input supply and financing systems. On the whole, the case studies underscored the need for innovations around each of the ten themes tackled during the Seas of Change workshop, as described in Part 3.

Inspiring examples

The case summaries on the following pages, illustrate the range of products, contexts, mechanisms and incentives that we are coming across in inclusive agri-markets. It turns out that looking at very different situations is a surprisingly effective way of generating new ideas.

For the full set of case studies from the Seas of Change background studies see www.seasofchange.net/research/case-studies.



Lead business & case contributor	Impact	Business incentives	Smallholder incentives	Mechanisms
<p>Lead businesses:</p> <ol style="list-style-type: none"> 1. Wilmar Agro Ltd 2. ASDA 3. Sam's Club <p>Commodity: Flowers for export market</p> <p>Country: Kenya</p> <p>Case contributor: Sustainable Food Lab</p>	<p>The smallholder flowers bouquets were sold in ASDA for 15 weeks, generating total sales of almost 20,000 Euros from Africa Flowers. Wilmar supplied innovative flower products to over 100 US Sam's Club stores starting in July 2011.</p>	<p>ASDA wanted products with a unique selling point and Rainforest Alliance certification. They wanted a good development story but with products that would fit within their existing buying model.</p>	<p>Better prices by being able to meet the consistent quality and quantity requirements of super-markets.</p>	<p>Offer buyers products with standards for traceability, product safety and quality, and products which demonstrate sustainability and good business through certification and consumer labels. As result, trading relationship is built based on guarantees of the integrity of the product and its source.</p>
<p>Lead businesses:</p> <ol style="list-style-type: none"> 1. SAB Miller 2. Nile Breweries <p>Commodity: Cassava for the local market</p> <p>Country: Uganda</p> <p>Case contributor: SAB Miller</p>	<p>If successful, innovations could result in long-term market opportunities for roughly 2,000 smallholder farmers and an increased net income ranging from 600,000 to 1 million US \$ per year.</p>	<p>For SAB Miller, the improved business model contributes to increasing access to reliable supply of high quality cassava, reduction of the cost and price of beer, and attracting new consumers thereby growth in market share.</p>	<p>By improving yields, through introducing disease resistant cultivars, farmers are able to sell surplus of cassava to be processed into other products such as flour and cassava chips, for local food industries.</p>	<p>Two innovations have been implemented: first innovation is a hybrid supply model, for both commercial and small holder farmers. The second innovation is converting cassava from a subsistence crop to a cash crop and using it in beer.</p>
<p>Lead businesses:</p> <ol style="list-style-type: none"> 1. Hershey 2. Armajaro <p>Commodity: Cocoa for export market</p> <p>Country: Ghana</p> <p>Case contributor: Sustainable Food Lab</p>	<p>With good quality and the right marketing, premiums can be up to \$1500/metric ton above bulk prices. With good quality and no marketing, the beans could still likely fetch a moderate premium of \$300/mt.</p>	<p>Hershey would like to gain access to fine flavor cocoa as dark chocolate will drive the chocolate category for the next hundred years, replacing milk chocolate, which was the driver for the last hundred years.</p>	<p>Small-holders gain access to high value markets through the provision of improved planting material, training for high productivity cultivation and direct links to buyers, and can secure premium price for cocoa beans with fine flavor quality.</p>	<p>Quality control is essential for success in the Fine Flavour Cocoa market. Therefore, building dialogue between manufacturer and farmers on quality requirements, R&D, cocoa varieties and capacity building, etc. are crucial.</p>



Lead business & case contributor	Impact	Business incentives	Smallholder incentives	Mechanisms
<p>Lead business: Tiviski</p> <p>Commodity: Camel milk dairy for local market</p> <p>Country: Mauritania</p> <p>Case contributor: UNDP</p>	<p>Tiviski chose to process fresh milk to replace dairy imports from Europe. Besides creating more than 200 direct jobs (all filled by Mauritanians), the company helps provide livelihoods for 1,000 families of herders, milk processors, farmers, transporters and food suppliers.</p>	<p>Tiviski would like to get access to continuous supply of fresh and good quality (clean) milk.</p>	<p>Access to market and good price based on milk quality and quantity result in increased incomes and improved livelihoods of small holders.</p>	<p>Fixed price for milk is paid at the door of the dairy or collection center. Payments are made to suppliers with vouchers. Tiviski vouchers have become a local equivalent currency.</p>
<p>Lead business: Mukwano Industries</p> <p>Commodity: Sunflower oil seed for local market</p> <p>Country: Uganda</p> <p>Case contributor: SNV</p>	<p>Annual production rose steadily to over 300,000 metric ton in 2009, 100,000 farmers produce oilseed, benefitting more than 500,000 people.</p>	<p>Replace imported palm oil by promoting local oil seed (sunflower). The lead firm also had the ambition to strengthen its social contract in the country.</p>	<p>Access to market and major productivity increases and an increase in price of oilseeds of 350% with a corresponding rise in farmers' incomes, and significant substitution of national imports.</p>	<p>Contractual arrangements between Mukwano and cooperatives. Multi-stakeholder platforms were used to address issues around seeds, inputs, market information and finance together with other chain actors.</p>
<p>Lead business: Local rice millers</p> <p>Commodity: Rice</p> <p>Country: Laos</p> <p>Case contributor: SNV</p>	<p>Improved trading relations between 21,000 small-holder rice farmers and 21 local rice mills leading to 30% yield and up to 60% income increases for farmers and improved profitability for millers.</p>	<p>Greater throughput, improved quality of rice and better management all lead to a more efficient and profitable rice milling businesses.</p>	<p>Improved yield and higher prices give farmers a significantly increased income with a stable and trusted trading relationship with the rice millers.</p>	<p>Technical, management and investment support for rice millers to work with small-holders and improve business management. Based around the millers being the market driver. Linked with an overall national rice strategy developed with stakeholder input to create a better enabling business environment.</p>

1 CERTIFICATION: POSSIBILITIES AND LIMITATIONS AT SCALE

Certification represents a powerful mechanism for scaling up inclusive business. It can increase the income of farmers, and generate benefits for stakeholders along the entire chain. To do so, however, it needs to become more inclusive in its reach and impact. There is a growing debate about its impact, costs, who benefits and future role.

Reach out to the higher fruits



Han de Groot of UTZ Certified has the following to say about certification: *“Certification has so far mainly helped the more advanced farmers. The greatest challenge now is for certification to reach the high percentage of unorganised farmers (80% in the cocoa sector) and to make the intrinsic benefits of certification more visible to them.”*

Measure the impact of certification

The true impact of standards, especially on farmers' incomes and the transfer of skills, is not clear yet. **Jan Kees Vis** from Unilever says: *“there is no systematic, aggregated, quantitative evidence available of cleaner water, reduced poverty, improved livelihoods or improved biodiversity as a result of standards implementation.”* This reflects both the lack of specific targets set within standards, in terms of quality and the farmers' income, and the absence of impact measurement techniques that can be applied with ease.

As stressed by **Peter Van Grinsven**, from MARS: *“Inserting M&E measurements in the certification assessments would allow ongoing measurement of changes occurring in productivity as related to specific good agricultural practices. While a transition to this kind of practice might*

be too expensive for one certification agency on its own, it would be a feasible move if several agencies were to collaborate.”

Get governments involved

The main limitation of certification is that many companies see it as an end itself and not as a first step towards achieving sustainability and inclusivity. The system will however only be really useful if it is to offer the farmers concerned a sustainable future and if the producing countries are to support it. According to **Michael Kwame Nkonu** of Fairtrade Africa, the most powerful and, to date, largely ignored mechanism for scaling up certification is for governments to create more supportive policies and investment programmes. The recently launched Africa Cocoa Initiative represents an interesting attempt to bring together the governments of the main African cocoa producing countries (Ivory Coast, Ghana, Nigeria, Cameroon), the major grinders and the manufactures to foster investments, improve productivity and develop the farmers' training.

Certification or transparency?



Jan Kees Vis warned about the limitations of scaling up certification. Certification is currently not transparent: it only works with products that consumers associate with raw commodities, such as cocoa, tea and coffee. It would not work for palm oil, for example, because it is 'hidden' in processed products. In addition, certification requires costly auditing, monitoring and data collection. This is because the unit of certification is the individual farm, mill or factory. A proliferation of logos, each with its own standards, confuses producers and drives up costs. It is crucial to sharpen the focus on transparency via the marketing channels.

“We see certification as a driver for bringing about systemic change rather than certification being the change.” Michael Nkonu, Executive Director, Fairtrade Africa.



The business case for certification

A recent KPMG analysis shows that there is a profitable business case for farmers and traders who invest in the certification of cocoa production. Farmers see positive returns on investment within a year, and traders in less than four years. This however only applies to farmers who already have a basic level of organisation, training and access to finance.

Reduce costs: harmonisation and alignment

Scaling up requires the harmonisation of certification initiatives. According to **Nicko Debenham**, at Armajaro, *“Certification can only be a useful tool for driving change in farming practices if the criteria for productivity are made more stringent and the standards aligned in a common training curriculum.”* The Certification Capacity Enhancement Initiative is a step in the right direction. Aligning training and standards across an entire country could eliminate significant costs.

Directions for scaling

1. Standards alone cannot do the job. It is essential for all the parties concerned to invest actively and in a coordinated way in greater productivity, in the development of smart farming technologies, and in building relationships and information networks.
2. Embed sustainability strategies at producing country level (e.g. the African Cocoa Initiative).
3. Set stronger productivity criteria and align standards (e.g. Certification Capacity Enhancement Initiative).
4. Reach unorganised farmers (e.g. by outsourcing internal control systems to local traders).
5. Recognise that certification is a means to an end and explore “exit strategies” where moving beyond current certification models may be needed.

2 LOCAL SPINOFFS FROM GLOBAL CHAINS IN HORTICULTURE

The agricultural growth potential in some countries is linked to diversification into high-value horticulture crops. What can be done to increase the spinoffs of export oriented horticulture to the local economy? The impact of inclusive horticulture that embraces the contributions of small farmers can be significant. Farming with very limited landholding, and managed by family labour alone, can be highly profitable. Important challenges however still hamper the scaling-up of inclusive business in horticulture. Very few smallholders are able to meet the market requirements for consistent quality and availability. Good organisation and the aggregation of supply and quality control are required.

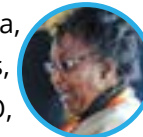
“Export oriented agriculture can produce a series of important spinoffs to the local economy, such as crop rotation for improved food security and the introduction of more sustainable practices to increase productivity.” **Dave Boselie**, IDH

Share risk and rewards of the market

The East African horticulture sector is growing rapidly. Successful examples demonstrate how it is possible to equip local producers - engaged through contract farming agreements with large exporters - with the necessary capacity, market access, and financing. Spin-offs include more diversified crops and sources of revenue. According to **Harry van Neer** of africaJUICE (a tropical fruit juice company in Ethiopia), *“Inclusiveness should be seen as an integral part of how you do business. By focusing on how you can maximise the benefits for local communities and the environment, businesses can help to address some of these challenges, while also increasing returns for their shareholders.”*

Maximise the spinoffs for the local economy

Hillside Green, an exporter of fruit and vegetables in Kenya, sources about half of its products from smallholder farmers, because it is more cost effective. As pointed out by the CEO, **Eunice Mwongera**, the risks are spread over and shared by the exporters and farmers. In addition, farmers benefit from the transfer of skills and technology. Training with technology packages is a crucial aspect of the improvement of the farmer's productivity and livelihood, as is the establishment of a clear ethical link between buyers and producers. The Hillside Green contract farming agreement also works to improve food security, as the farmers are trained in good agriculture practices, such as crop rotation. The fact that products destined for the European market need to be grown in rotation means that some space is still available for crops suitable for local sales.



Invest in social intermediaries



Some of the important challenges that continue to hamper upscaling include consistency, meeting phytosanitary standards, and difficulties in adapting to the pull culture of supermarkets.

According to **Mark Lundy**, of CIAT, the inclusion of smallholder farmers could be addressed and scaled up through the services of a “social intermediary”. The social intermediary contributes specific expertise by facilitating the flow of information and overcoming coordination problems throughout the chain. Their role is to align the different business models and mediate between the parties along the supply chain. For example, by explaining the difficulties of production changes at the buyer end, or by helping to overcome scepticism about new arrangements by both potential buyers and producers.



“Inclusiveness is not a cost but is part of our business value.” Harry van Neer, Director africaJUICE



africaJUICE

The success of the africaJUICE business model has been tested on over 1,200 ha of community outgrower farmers. It lies in transparent and timely communication and pricing mechanism, strong commitment on the part of the value chain partners, and the farmers' involvement in the “design” and ownership of the business model.

Directions for scaling

- 1.** Add maximum value in-country by creating innovation in the chain (e.g. crop rotation and diversification, introduction of more sustainable practices).
- 2.** Ensure transparency and traceability (e.g. EOSTA, an international distributor of organic fresh fruit and vegetables, has established the Nature & More “trace and tell” web system, which monitors the social and environmental performance of EOSTA Growers).
- 3.** Invest in social intermediaries to help small farmers meet the sourcing requirements of modern fast-moving supply chains.
- 4.** Build a safe platform for dialogue where all actors can discuss best practices and terms and conditions, and engage supermarkets to commit to minimum purchase guarantees.
- 5.** Foster financial innovation (e.g. Saccos in Kenya allow farmer organisations to pay the farmers upon delivery in spite of the fact that the supermarkets invariably delay their payments).
- 6.** Enable the local farmer and/or community organisation to be a co-owner of the business in order to share the risks and rewards of the market.

Providing sustainable financial services for smallholder agriculture has proven to be difficult. Commercially oriented financial institutions tend to avoid rural and agricultural finance as long as other less risky business opportunities are available. Agriculture financing has specific risks - related to seasonality, covariant risks, and low population densities - that are different from the typical risks in other sectors. To be able to manage risks efficiently, banks and other investors need to build up specific knowledge of agriculture.



Gary Reusche from IFC emphasises the reality that commercial banks do have cost, price and margin expectations. If they are unable to charge cost-covering interest rates, they would not be able to grow and provide loans in a durable way.

Aggregation reduces transaction costs

As **Hans Bogaard** from Rabobank pointed out, the transaction costs of small loans are too high. The banks therefore need to develop partnerships and work with aggregators that are able to make sure that farmers are clustered. Examples of effective aggregators include micro credit schemes, farmer cooperatives and other types of intermediaries that liaise between the banks and the farmers. The participants in the workshop invited Mr Reusche and Mr Bogaard to reflect on the role of NGOs: *“While NGOs can contribute to the process of aggregation, it is essential to identify a sustainable strategy. Handing out subsidy grants could hamper the move from grants to commercial loans at a later stage.”*



Segmentation is vital

Mr Bogaard explained that the financing approach of banks is driven by segmentation: financial products are developed based on segmentation to allow for more precise alignment with the borrowers' needs. Given the unique risks and characteristics of agricultural production and supply chains, it follows that bankers serving this segment require specialised credit skills and policies, credit scoring and rating tools, and portfolio monitoring practices. However, neither the commercial banks, nor the emerging microfinance industry are willing or able to sufficiently meet the financial needs existing in the agricultural value chains. This means that the needs of the farmers and the agricultural SME's are not addressed; which creates the "missing middle" represented by the circle in the figure below.

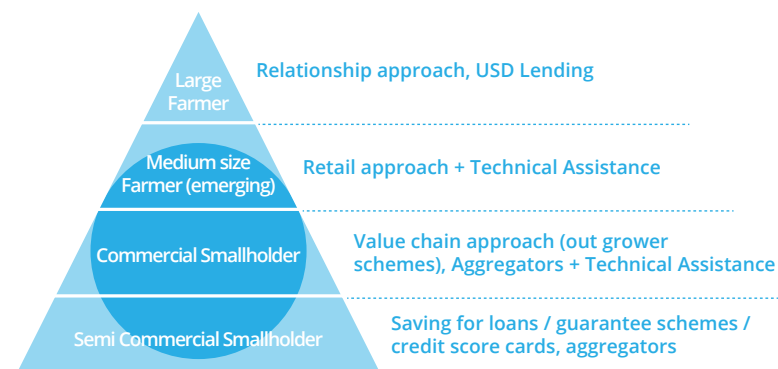


Figure: Segmentation of agriculture producers and the specific financial products for the different segments

A substantial portion of the SME sector may not have the security required for conventional collateral-based bank lending, nor high enough returns to attract risk investors, while their financial requirements are too large for microfinance.

“The challenge is not only to define good examples of private sector engagement in inclusive investment, but to make sure that the investment is financially sustainable.”

Atul Mehta, Director Global Agriculture, Manufacturing and Services, IFC.



Partnerships to share cost and risks

IFC provided a \$10 million risk-sharing facility to the local Nib International Bank in Ethiopia. The aim was to encourage the bank to issue loans to coffee cooperatives that receive training from the NGO, TechoServe, on better production and processing practices. The partnership enabled 45,000 small coffee farmers to procure milling equipment. This has led to significant improvements in the quality of the coffee and a 50% price increase.

Directions for Scaling

1. Strategies are needed to ensure that costs and risks are shared more equitably throughout the value chain.

2. Market driven partnerships are essential as banks alone cannot reach the target group due to high transaction costs.

3. Relentless innovation is needed to deal with pre-commercial financing. It is essential to not only consider credit rating, but also enforcement risk: banks could be stimulated to finance farmers that are able to demonstrate that they are reliable suppliers with good track records.

4. Recognise that scaling inclusive markets is fundamentally about finance that targets pro-poor investments.

5. Capacity development - in terms of the technical, managerial and business know-how of the farmers is essential, as is explaining the methods and criteria the banks

use to evaluate financial assistance applications to the borrowers.

6. Banks and financial institutions require support in training, product development and risk management specific to agriculture.

7. It is essential to introduce commercial, innovative products at an early stage to ensure that farmers who receive subsidies do not get used to avoiding commercial lending options.

8. The concept and role of aggregators must be revisited. Which ones are competitive? How do the efficient ones work? What does the business model look like? How to finance aggregators beyond benchmarking?

9. Refocusing the role of NGO is vital. NGOs are able to bridge subsidies and commercial lending for farmers, but exactly how this could be done needs careful consideration.

Decades of work on productivity enhancement around the world has failed to reach hundreds of millions of small-scale producers, and we still do not really know what sustainable agriculture is. What then do we need to do differently from the last 40 years to realise four fold productivity jumps while reducing inputs?

Raising productivity is an immediate concern for farmers, agribusiness and governments alike. Business is looking for productivity jumps to secure supplies for growing global demand, and to make smallholder farmers more profitable clients. The productivity levels of many smallholders are only one quarter or one third of what they could in fact achieve given the circumstances they operate under. Productivity must jump two to four fold if farmers are to have a real future, and if they are to respond effectively to the growing demand for food.

Use specific and understandable technology

Many smallholder farmers are confronted with inappropriate inputs that do not address the specific needs of their microclimates, local soils and the actual crops they grow. Those inputs are therefore far less effective than they could be and far more expensive than they need be. Extension services are often missing or inadequate for farmers, as a result of which they often do not know what to use, when and where. Even if they do, those services may not be available or they may not have the credit or cash to buy them.

Government support is critical

Many services and technologies have developed in response to the absence of government investment in the agricultural sector. Still, no matter how extensive business involvement, government remains key to

ensuring long-term, widespread investment and the necessary enabling conditions to kick-start productivity. Governments must also be urged and supported to create comprehensive strategies that prioritise food crops. And, where business can profitably raise productivity in a sustainable way, government must see this and not 'get in the way' of business playing its role.

Be selective when being inclusive

The need for 'selective inclusiveness' was highlighted in sharp discussions on how far inclusiveness can go. Given that not everyone wants to be a farmer or has the capabilities, the focus for inclusive business should be on the smaller number (15-20%) of farmers who have longer-term potential. They are the 'selected' farmers that should be actively 'included' in joint business development. **Ibrahim Coulibaly**, President of the West African Farmers' Association, pointed out that, for millions, farming is a situation, not a choice, and that they, too, must be given livelihood support. For him, commitment also comes when demand is stable and prices fair.





“It is simple. If you give farmers a fair price and buy what you promise to buy, they will increase their production. Otherwise, why should they bother?” Ibrahim Coulibaly, President Farmers Union CNOP, Mali.

Directions for scaling

1. Farmer training in good agronomy is critical yet expensive. Creating the skills, farmer networks at scale, and business models that can make training available and affordable on a consistent basis requires effective collaborations and public private investments.

2. Input provision should build on existing businesses that have a vested interest in servicing local markets as effectively and as cheaply as possible. Government and NGO supported initiatives

must avoid killing successful local start-ups with false competition.

3. Technology should focus on three key elements: inputs (in particular soil fertility support), genetic material (such as locally adapted seeds and planting material), and modern communication technologies that offer farmers affordable, and accurate production and market information.

4. Invest in women. Experiences is showing that they often learn

faster, adopt what they have learned more accurately, and that they disseminate what they have learnt to others more readily.

A dollar of training or investment in women can yield much higher and wider returns than the same amount invested in men.

5. Work with agricultural leaders: they are the champions who see opportunities - not difficulties - and who will make productivity growth possible and attractive to others.

6. Always seek out unexpected partnerships. While often easier said than done, government, business, civil society and research players do bring complementary skills, along with at times their conflicting interests.

7. Build clusters of complementary agri-businesses, including farmers, traders and processors, input dealers, bankers and business development services.

Africa Harvest's Tissue Culture Banana Project, which was launched more than 10 years ago, has by now reached over half a million farmers in Kenya. It responded to the farmers' demand for disease-free planting materials by transferring the technology from South Africa. The first private tissue culture lab was subsequently established, after which nursery and seedling businesses mushroomed. They are now looking at strategic government policies and multi-actor follow-ups to allow further scaling in the region.



“Local sourcing” refers to agri-business companies that operate in developing countries and buy local or regional products, process them locally, and sell them on the domestic market. This business model is gaining ground, especially in Africa. Why is that? What is its potential? Does it offer real opportunities for sustainable local economic development?

The business case

Marije Boomsma, of KIT, and **Christel Schiphorst**, of Agri-ProFocus, argue that, with the growing global population requiring more food,



Africa offers both market and production opportunities. The largest population growth will occur in Africa, where at the moment only 20% of the total food production capacity is utilised. About 313 million people, or 30% of all Africans, can

now be categorized as middle class. The demographic, as well as the growth in the consumer market, in many African countries is an incentive for companies to produce food using local raw materials or ingredients rather than importing them. Companies operating in mature markets face productivity peaks and need to differentiate their supply base.

A win-win business model

Local sourcing offers the company a number of advantages, including faster supply/delivery times, lower transportation costs, and no import duties. A shorter supply chain also means closer relationships with supplying farmers, improved quality control and greater flexibility in order placement. The companies, in turn, offer their suppliers long-term and loyal relationships and provide them with inputs, training, finance, and supply guarantees.

Local sourcing from smallholders is not an easy business: it takes time, costs money, and requires knowledge of local farming, as well as of the markets. Building trust and managing relationships with new stakeholders take up a lot of time. Partnerships can help: as highlighted later, Sierra Leone Breweries Ltd (SLBL) was able to cover part of its capacity building activity costs by partnering with the UN Common Fund for Commodities.

Local sourcing is expected to scale up further as a business model despite infrastructural, financial, regulatory and capacity bottlenecks in developing countries, as well as due to growing competition among companies for food supplies. The win-win opportunities available for businesses and local suppliers appear set to contribute to economic development in Africa.





“Locally produced ingredients shorten our supply chain and diversify the sourcing of raw materials, both beneficial to our local suppliers as well as our company.” Heineken Cares, January 2012.

Directions for scaling

1. Entrepreneurs with drive and viable business plans are essential for scaling up.
2. Companies need to respond to upcoming markets: African middle-income class segments.
3. Companies should focus on farmers that display potential.
4. Over half of suppliers are women. Services and support should be adapted to their livelihood needs.
5. The government has a major role to play as partner and enabler of local sourcing and should be more active. Priorities include major infrastructure investments and improvement of the business climate.
6. NGOs need to know how to cooperate with the private sector to help make this business model successful.

Before 2005, **Sierra Leone Breweries Ltd.** (SLBL), Heineken’s local subsidiary, used 100% imported malted barley from Europe. Sorghum, a substitute for barley, was a minor subsistence crop and rarely available on the markets. As the cost of barley rose, SLBL started to support local production of sorghum and is now buying the grain directly from farmers. The drivers for Heineken to engage in local sourcing were: lower cost of sorghum, improved reliability of raw materials supply, and Corporate Social Responsibility. Heineken has supported the supply of inputs and bought the sorghum at a guaranteed price. Five years on, the sorghum supply chain in Sierra Leone is sustainable and investments repaid. Sorghum no longer needs external support and is fully integrated in Heineken’s supply chain. The socio-economic impact of the project has been impressive for the 3,000 families involved; the US\$15 earned per 50kg bag of sorghum has brought about significant livelihood improvements.

Local sourcing in **YamBEEji Honey & Rice Products Ltd.**, a Zambian company engaged in local rice and honey production, has led to higher incomes for farmers and improved food security; the farmers were able to retain some of the food they harvested for their own consumption or to exchange for other food. In addition, they received training in sustainable rice farming methods and, as members of an outgrower scheme, they also benefitted from mutual learning and positive peer pressure.

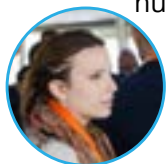


6 WORKING EFFECTIVELY WITH LARGE NUMBERS OF PRODUCERS

Agri-food businesses are becoming increasingly aware of their dependence on large numbers of small-scale producers for their business. Scaling inclusiveness therefore requires figuring out how to work with large numbers of producers. In particular, how would it be possible to build effective business relationships with the majority of farmers in Africa that are not formally organised?

Networks and producer organisations

Working with formally organised producers is often a preferred route, as they play the critical role of a aggregator of produce, and provide key communication channels. **Don Seville**, of the Sustainable Food Lab, pointed out three other kinds of networks that all farmers are usually connected to: trading chains, agronomic improvement initiatives, and communication networks. Each network offers entry points to large numbers of farmers; for example, Vodafone's Sustainability Group member **Laura Crow** explained how Vodafone is building new services that will draw tens of millions of farmers into its mobile networks.



Trust and relationships are critical

Scaling requires investment in longer-term activities that can only provide return on investment if healthy relationships are built up. Farmers have limited reserves and sometimes become opportunistic as harvest time approaches; this means that they can choose between growing numbers of buyers. Reliable pricing and actually buying the produce that you ordered are key strategies for ensuring loyalty. Another important strategy is to expand the services that buyers offer producers, such as extension services, inputs, credit, etc.

Involve the whole chain in risk sharing

While much of the public discussion on scaling is focused on the interface between the farmer and the buyer, it is also critical to involve the whole chain. Stakeholders must negotiate as to how the risks are spread throughout the chain, and by implication also how much should be invested in large numbers of farmers. For example, retailers who would like to build sustainable chains are looking to invest in their producer base. The trouble is, as **Chris Brett** of Olam noted: *"There is a long distance between the retailers and the primary producers, they are now realising the complexity across the supply chain and how to develop long-term producer loyalty. Progressive retailers are now forging partnerships linking to the producers through supply chain management companies such as Olam."* Banks are also a critical element in ensuring the required scale of investment. By working together - with producer-buyer relationships as the bankable trust factor - it becomes possible to reduce the lending risks and to get investment flowing.



Scaling requires collaboration

Most SMEs are not able to work with large numbers of small-scale farmers on an individual basis: The investment in relationships, training, input, aggregation and policy influencing is simply too time-consuming and complicated. According to the African Enterprise Challenge Fund, which has worked with more than 90 SMEs over the past six years, many SMEs underestimate the difficulties involved and often change their business plans drastically to focus on working with functional farmer groups that are supported by NGOs. Collaboration with local government and intermediaries is also an essential prerequisite.



“Many small and medium size enterprises underestimate the extra difficulties of working with thousands of small-scale suppliers. They end up downscaling their ambitions, and must seek collaboration to deal with structural problems.” André Dellevoet, Director, Africa Enterprise Challenge Fund.

The solution for working with farmers lies in establishing viable economies of scale. It is simply not a feasible option to provide services and technical assistance for one person working on 0.5 hectares. Any given organisation needs at least 400-600 farmers to ensure economies of scale. Even the largest multinationals operating in the field today are limited in terms of what they are capable of doing on their own.



Olam, a large agri-commodities multinational, has set up its own extension services using its workers and NGOs to train farmers. There is no immediate return on investment, so it must be done at a low cost. Olam is making a virtue of necessity: since farmers need good inputs at low cost to increase productivity, Olam has started to produce its own fertilisers to sell to its suppliers via efficient small-scale supply chains. Although community investments facilitate the process, there are definite limits on what large businesses are able to invest in relationships.

Directions for scaling

1. See the farmer as a client and build loyalty, trust and transparency as with any other kind of client. Fair, transparent and competitive prices are essential for preventing system breakdown.
2. Make large numbers of farmers bankable, so they can access affordable credit to invest in essential inputs. ITC provides services that enable organisations to build farmers' income records that can in turn be accessed by the banks. Stable relationships are also 'bankable'.
3. Faster, cheaper, and more reliable information on the impact of interventions on small-scale farmers is needed to enable management decision-making processes and for retailers to use in the marketing process.
4. Challenge the assumptions about scaling in SME business models. Avoid over-optimism and stimulate collaboration.
5. The flexibility needed to respond to shifting parameters, as businesses develop, is essential in collaborations. This is particularly true for financial institutions.

Scaling up inclusive business models goes beyond the capacity of one single party and requires engaging in partnerships that involve farmers' organisations, governments, the private sector, NGOs and research institutes. But what makes partnerships effective?

Getting different players to work together is a challenging task. Successful cases prove that well designed collaborations have the potential to make business operations more efficient and sustainable, and boost small farmers' empowerment in agri-food chains, and thereby increasing their income and capacity.

Successful partnerships build on:

- Viable commercial propositions
- Alignment of incentives
- Trust
- Clear roles
- Good intermediation to solve coordination problems.

Clear purpose, roles and expectations

The purpose of a partnership needs to be made explicit and must be in line with market demand; an aspect that, according to **Dirk Jan de With** of Unilever, is too often overlooked. **David Rosenberg** of Ecom states that it must be clear what each party brings to the table. Roles may change over time; in the pre-commercial stage, the NGOs could play an important role as capacity builders and trusted intermediaries between farmer organisations and business. When the chain matures and farmer organisations are able to engage in direct business relationships with traders and processors, the roles of the NGOs may shift to other functions. While the NGOs eventually exit the scene, other partnerships might last longer, depending on their objectives.

Expectation management dictates that there should be a clear alignment of incentives among the players. It does not however mean their interests need be the same. Mukwano Industries, the lead firm in sunflower oil processing in Uganda, developed a partnership with SNV to organise farmers into producer organisations in order to consolidate its supply chain. SNV's main incentive was to increase rural farmers' capacity, income, and access to market.

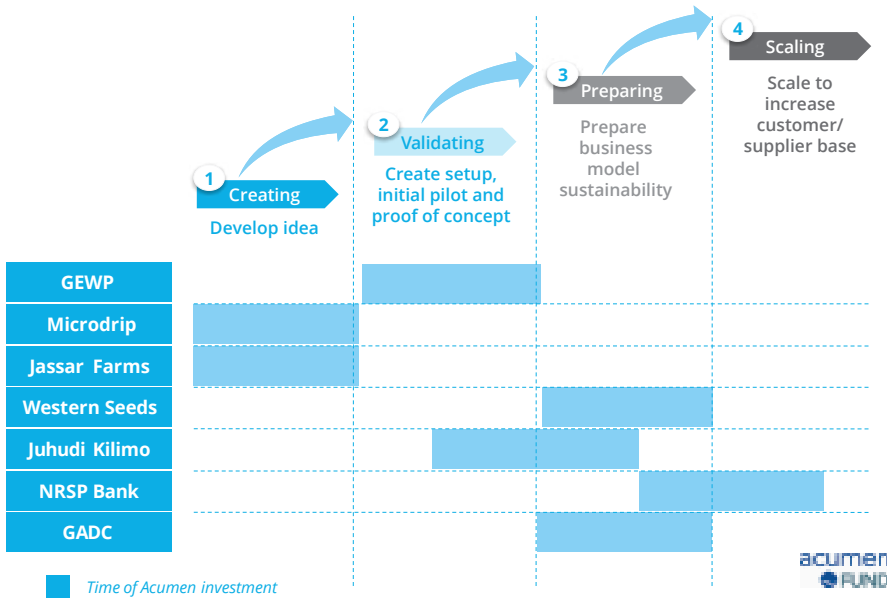
While collaboration could be in the parties' own best interests, it could also create risk; each party puts important assets on the line and must trust the others partners to hold up their ends of the bargain. Another problematic element is the degree of flexibility on the parts of the different players; business works with short lines of accountability and can move in flexible ways, given the fact that their planning horizons could extend to about half a year. NGOs, on the other hand, have to account to donors based on plans that span two or three years; which sometimes makes them less flexible.





“There is never one single actor who can bring the solution. Inclusiveness means bringing partners (often unequal) together to strike new deals, develop shared understanding and create new dynamics.”

Sabdiyo Bashuna Dido, Senior Strategy Advisor, SNV - East & Southern Africa.



Directions for scaling

1. Get the mutual value proposition right. Scaling partnerships calls for a viable business model for all the parties concerned and a significant level of trust among the parties.

2. Find partnerships for the initial phases. NGOs are valuable intermediaries for strengthening farmers' organisations and providing pre-commercial services.

3. Define roles and responsibilities clearly in project plans, and set up M&E mechanisms that allow corrective action along the way. Build in exit strategies that kick in as the roles become fulfilled.

4. Combine multiple levels of partnership; local, national and multi-country. Create platforms of dialogue to promote coordination and cooperation among value chain actors, governments, and service providers.



Funding models to match partnership cycle

Sheikh Noor Ullah, of Acumen Fund, explained that Innovative solutions go through a number of stages (see the figure above). The risks are high in the pre-commercial stage (Phases 1 and 2) and might discourage partnership. Public-private co-finance mechanisms are required to share the risks in this 'pioneering gap'. There is a demand in the market for more enterprise funding with far greater risk appetite than investor capital.

Partnerships that work

In Central America, Ecom Agroindustrial Corp. partners with Rainforest Alliance and CIRAD to improve farmer productivity, sustainability, and eligibility for certification by training trainers and holding farmer workshops. The training activities are financed by Nespresso and IFC. The business and development results of Ecom's inclusive business model are intimately linked. When smallholder farmers receive financial and technical assistance, they enjoy greater productivity, security and earning potential. Ecom, for its part, strengthens and secures its supply chain, expands its access to high-quality, certified coffees, and captures the associated premiums.

Managing a transition phase

A very large number of people will depend on agriculture for their livelihood for at least one more generation. The pie chart of a classification of farmers in Latin America shows how many are not connected to markets; presumably this is not fundamentally different in other regions. Transition policies are needed to facilitate the phenomenon of people moving out of agriculture while, at the same time, the world is adjusting to the challenges of feeding a population of nine billion. One key policy challenge we are currently facing is how to bring the 20% of 'in-between family farmers' into the 'better-off' category, so that at least 30% of all farmers can become commercially viable. These farmers are needed to help create a broad-based agriculture sector that will generate employment and economic growth.

Policy matters

While governments and donors are hopeful about the role the private sector could play in tackling rural poverty, businesses are increasingly playing the ball back and making it clear that 'policy matters'. Without the right enabling environment there are clear limits to the impact that businesses can have. Policy mechanisms are key to the question of how to scale inclusive agri-food markets. As **Steve Wiggins** from ODI pointed out: *"At one level, the enabling environment is very simple and it has two key preconditions: one, there must be a good investment environment for agriculture, and; two, there must be adequate investment in the core public goods of infrastructure, education and research."* What we are seeing at the moment is enormous variations in those two preconditions between different regions and different countries.

Don't forget the informal sector

Bill Vorley from IIED, drawing on the experience of the Regoverning Markets programme, sounded a clear warning about the consequences of ignoring the importance of informal markets. If some 20-30% of all small-scale producers could be drawn into modern, formalised markets, we are still left with 70% that would operate informally. This raises critical policy questions about the interface between the formal and informal sectors, and how to maximise the livelihood opportunities within the informal sector.

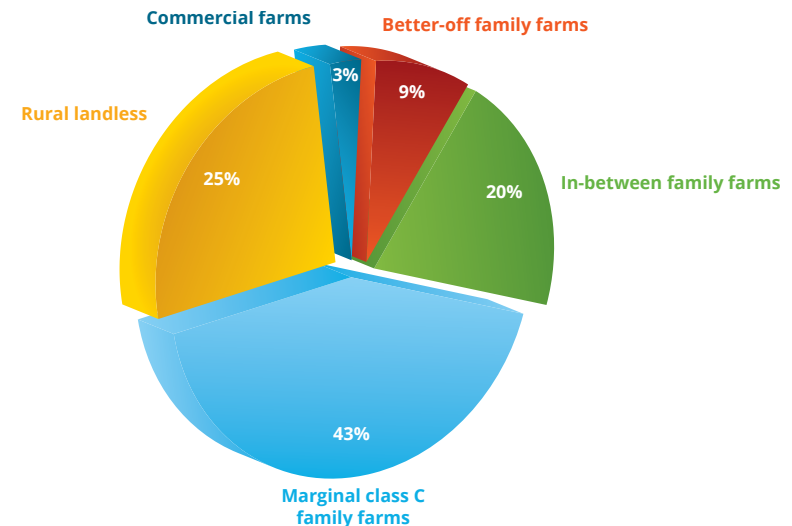


Figure: Great differences among Small farmers. Latin America 2008.



“Over the past two decades, the countries that have been star performers in agricultural growth have also been star performers in poverty reduction.” Kevin Cleaver, Associate Vice President, IFAD.

Directions for scaling

1. Create a wider policy vision of where to be in 20 years' time and how to get there. Four billion people will depend on agriculture for their livelihoods while, at the same time, the need to feed the five billion people living in the cities will place massive demands and pressure on the available land resources.
2. Maximise the livelihood opportunities for the largest number of people in the agri-food sector including marginalised groups.

3. Small-scale farming will remain critical and is part of the bigger picture. Focus on the public sector investments needed in infrastructure, human resources and research to create the conditions for wider-scale impact from private investment.
4. Provide flexible and efficient incentive mechanisms for the private sector to work with small-scale producers and entrepreneurs in pre-commercial phases.

5. Recognise the diversity of small-scale farmers. Those with good assets, who are already connected to markets, have very different needs to those who are semi-commercial or those who are largely subsistence farmers. A diversity of policy mechanisms is needed to respond to those differences.
6. Create more effective forums for engaging different stakeholders in policy dialogue.

7. Tackle the challenges of land tenure and transition towards greater commercialisation of agriculture without dispossessing people of their livelihood options.
8. Manage the development and implementation of food quality and safety standards, so that they will not become an insurmountable barrier to small-scale inclusion.

Linking government investments to smallholder farming

As part of its national Maroc Plan Vert, Morocco decided to move away from wheat towards high-value crops on its irrigated land. It used private sector nucleus farmers as the change agents in the transformation. The farmers are granted long-term land leases of 50-hectare plots and other start-up assistance. In return, the nucleus farms have a contractual obligation to work with smallholder farmers in their vicinity to help them with the transition towards higher value crops. Overall, this has resulted in much higher incomes for small farmers.



Two initiatives were presented that illustrate the growing practical evidence that inclusive models work for business. One was the BoP Innovation Centre review of business cases working at the bottom of the pyramid to improve food and nutrition security. The other was the 2Scale initiative of IFDC, ICRA and the BoP Innovation Centre that builds on the “Thousands to Millions” experience of IFDC in agribusiness clusters.

The BoP approach

Closely related to inclusive business is the concept of market development at the bottom of the economic pyramid. There are 4 billion people living on USD 2.50 or less a day in this group. Food is the largest item of their expenditure, representing a USD 2.9 trillion market. Innovative market development in this segment represents a tremendous potential for low cost high volume food products. At the same time products targeted to nutritional and food security needs have the potential for a wide scale health benefits.

With support from the Global Alliance on Improved Nutrition the BoP Innovation Centre looked at 141 business interventions related to BoP and food security. Five types of business interventions were identified: 1) farmer development services; 2) secured sourcing schemes; 3) BoP intermediaries; 4) BoP food product adaptation and; 5) hybrid market creation. The 16 in-depth case studies illustrated the clear value proposition for businesses to engage with BoP markets. However it was also clear that many cases are still dependent on some form of government or donor funded support to help catalyse the business potential.

Innovation through agribusiness clusters

In West Africa IFDC has been pioneering an agribusiness cluster approach. This has resulted in a 50% average increase in production and 30% average income growth for some 400,000 smallholder farmers across seven countries. This helps to create a foundation of entrepreneurship and efficient production that then makes partnerships with agri-food companies attractive and viable for all parties.



Figure: The cluster approach being supported by IFDC.

“For food security, we should turn around and look from the angle of the consumer, and how they can become self-reliant.” Paulus Verschuren, Strategic Advisor, Dutch Ministry of Foreign Affairs.



Directions for scaling

1. There are clear business opportunities for companies that are clear on their motivation and strategy.

2. A BoP approach helps to shift the focus from production to consumers and services along an entire value chain where value can be created for business and for BoP consumers.

3. Agribusiness clusters are an emerging complement to value chain development with a focus on stimulating entrepreneurship around input supply, services,

and marketing, based on synergy between different commodities within a geographic location.

4. Local small and medium scale enterprises are playing an increasingly important role in BoP and cluster development, but more understanding is needed about how they can be effectively supported.

5. Public private partnership schemes are important to help drive innovation, however the different needs and functions of SMEs and multi-national agri-food businesses are important to recognise.

Case study: Metro Cash and Carry in Vietnam

Metro Cash and Carry is working with 18,000 small scale vegetable producers in Vietnam to meet their fresh produce needs. This approach to a high value market enables the supermarket to quickly get fresh produce in the cold chain, improving quality while providing a reliable market for local farmers.

The need for better monitoring and evaluation was a strong reoccurring theme during Seas of Change event as well as in the preparatory interviews. Businesses and development agencies need a much better understanding of what is being achieved through their investments and why there is success or failure.

However, the challenge goes way beyond just monitoring. All the players from farmers to traders, retailers and service providers need to be able to make sense of the information collected and use it to make improvements and to innovate. Monitoring and evaluation is just part of an overall system of stakeholder learning needed to drive success at scale. Further, markets are dynamic so feedback and learning needs to be fast. Businesses want to 'know what happened yesterday to make decisions today about what to do tomorrow'. Knowledge Institutes have a critical role to play in helping to meet the monitoring and learning challenges if they can align with the need for learning fast.

Tracking impact

It is no longer good enough just to know what activities were done or how many farmers were trained. Going to scale requires an understanding of impact. In what ways has an inclusive agri-food market improved people's lives? How has it helped to develop a local economy? What are the impacts on profits and business indicators? This information is needed for both individual enterprises and for collective impacts at local, regional and national scales.

Innovating with large numbers

A big challenge for inclusive agri-food markets is how to work in innovative ways with very large numbers of small-scale producers and be cost effective. To be competitive small-scale producers must adopt and adapt new technologies and management approaches. This means creating monitoring and learning strategies that work to support hundreds of thousands of poorly resourced and often illiterate small scale producers. During the workshop IDH and the Kenya Tea Development Authority explained how farmer field schools have been used on a large scale for certification. Meanwhile, Technoserve illustrated the power of SMS based book-keeping to support some 70,000 farmers in Ethiopia.

Strengthening professional networks

Another key to learning fast is strengthening the networks between professionals from business, NGOs, researchers and policy makers. This is the aim of the Agri-ProFocus Agri-Hubs that have developed rapidly in countries such as Kenya and Uganda over the last few years.



“Value chain linkages are like a plate of spaghetti, if we want change we have to see the connections, see the cycle and see the value of local knowledge.” Gine Zwart, Senior Policy Advisor, Oxfam Novib.



Directions for scaling

1. Good information about the impact of inclusive investments is critical for business and development funders and much work is needed to fill existing gaps.
2. Better metrics and cost effective collection methods are needed to provide the foundation for better impact monitoring especially around social and livelihood indicators.
3. Mechanisms are needed for understanding impact within entire sectors not just the impact of single business investments or development projects.
4. Better monitoring must be connected to effective feedback and learning mechanisms that can support large numbers of small scale farmers to innovate and improve performance.
5. Increasingly companies will be expected to report on the social impact of their inclusive business strategies.

Farmer field schools in the Kenya tea industry

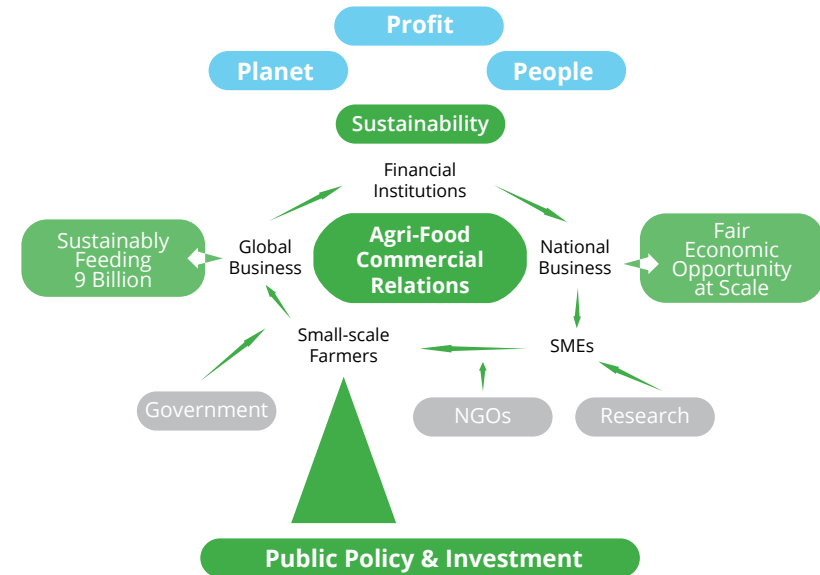
In partnership with Unilever, Rain Forest Alliance, IDH and DFID, the Kenya Tea Development Authority (KTDA) is using farmer field schools to roll out large scale sustainable production practices and certification. So far over 270,00 farmers have been certified in a cost effective way leading to significant yield increases that benefit the farmers.

A business model describes how value is created, delivered and captured for an individual enterprise or entire value chain. To generate value from an inclusive business perspective, the model must address the question as to how poorer communities are actively drawn into business relationships, and how those relationships structurally improve conditions of poverty, while also describing how profit is made for all. For such an inclusive business model to work, there must be a set of mechanisms that create the right incentives for the different players to engage in business relations, which function effectively given the commercial drivers of a particular sector or geographic location.

Much work is needed and being done to learn more about effective inclusive business models, and how those models could be scaled. By no means exhaustive, this section describes a number of mechanisms and models that work and merit further study. We first look at the critical precondition for inclusive business at scale: collaboration.

Cooperating to compete

Inclusive business sits at the interface of individual commercial interests, pre-competitive interests for whole sectors, and wider public interests. The available cases and sector studies show that an individual business can operate profitably or even more profitably by working in an inclusive way. Wider-scale economic opportunities appear very dependent on pre-competitive collaboration and appropriate policy mechanisms and public investments. Scaling inclusive agri-food markets hinges on effective partnerships that aim to create longer term shared value.



Ultimately, partnerships must lead to the development of suitable conditions for commercially viable and sustainable business models. The following crucial elements, among others, need to be in place:

1. Building trust, capacity and long-term relationships within the supply base.
2. Creating partnerships and coordination among different actors, e.g. through neutral brokers
3. Sharing risks and rewards equitably.
4. Attracting public-private co-financing; intermediaries, to drive procurement, quality and efficiency.
5. Cost-efficient mechanisms for the aggregation of the inputs from producers, such as outgrower schemes.



Inclusive mechanisms

In what follows, we describe mechanisms and models that might be tried in the up-scaling of inclusive agri-food markets. As introduced in Section 2.1, successful business models build on a clear understanding and alignment of the incentives for different actors and the mechanisms that create these incentives.

1. Private business models

Individual private initiatives and innovation can drive the scaling up of inclusive business. An example of this is the Tiviski Dairy, which created a market for camel milk in Mauritania by changing consumer mind-sets, by setting up an NGO to support camel herders, and by getting the government to develop appropriate standards and administrative bodies. This mechanism presumes that sufficient resources and the necessary capacities are present in the initiating business. It typically works best when incentive barriers are limited to the company and its direct customers and suppliers. The barriers could be addressed through payment and certification systems embedded in the business model. The company also needs to have a core business interest in including small-scale farmers. However, limited public support, or the absence of a supporting external actor, could restrict the outreach of successful initiatives. The new business model may well reach a critical growth limit and remain an island of success.

2. Partnerships

Partnerships might be more appropriate in situations where broader or more complex coordination problems are at play. While not necessarily easy, several cases show that partnerships are very successful in supporting business operations in which there is an alignment of incentives, as well

as trust, good intermediation, and long-term relationships. The case studies prepared for Seas of Change illustrate numerous examples of business working together with NGOs and donors in such partnerships. For example, a partnership between IFC, the local NIB bank and the NGO, Technoserve, was designed to promote financial risk-sharing and farmer capacity-building in the coffee sector. These cases illustrate the need to build on complementary capacities and to ensure that each party is able to meet its key objectives through the partnership.

3. Platforms

Platforms are appropriate mechanisms in situations where public goods (research, joint infrastructure, etc.) need to be created. The platform must be a neutral space that is used to develop and implement a shared agenda. They are built around strong leaders that represent broader stakeholder networks and whose support is essential to the success of the initiative in question. One such successful platform is the Roundtable on Sustainable Palm Oil (RSPO) – an industry-led initiative set up in co-operation with the conservation organisation WWF in 2004. The Roundtable works with plantation owners and commercial users to devise standards for sustainable production.

As pointed out by **Han de Groot** of UTZ Certified, *“the complete sector is represented in RSPO (even if only two percent of all palm oil is sustainable). Much progress has been made in coffee and cocoa production, but the really large volumes still need to be made. We have developed a mainstream concept, and attracted mainstream partners, now we must go for mainstream volumes.”*

4. Inclusive certification

Certification could be an important mechanism for scaling up; however, as discussed in Section 3.1, it needs to become more inclusive in its impact and outreach. As pointed out by **Peter Van Grinsven** of MARS; *“if certification continues to reach only farmers working in cooperatives, it will not achieve the target of mainstream sustainability. Certification needs a critical mass to make it the new norm, to set a new benchmark. Reaching the large number of unorganised and less advanced farmers might be done through the outsourcing of ICS system management. This would allow 30-40% of all traders interested in engaging in certification to hire ICS trained managers and, in turn, to reach a much higher number of unorganised farmers”*. It is also possible to scale up certification through the alignment of training and standards across an entire country or region with the active engagement of the local authorities. The multi-stakeholder Certification Capacity Enhancement project was launched to come up with a common training program for the different certification schemes and to include more stringent criteria for productivity.

5. Innovative financial mechanisms

A number of innovative and inclusive agri-finance models have emerged in recent years and could offer sound lessons across different value chains. Financial innovation in value chain finance involves the growing use of triangular supplier-buyer-producer-bank financial arrangements that would reduce costs and increase risk sharing. Other models combine financial tools with risk management strategies; for example, the use of warehouse receipt financing (in which loans are guaranteed by agricultural production held in storage) with hedging tools (put options). Technological innovations, such as mobile banking, mobile technical support, and improved management information systems, could render value chain

finance much more feasible across different crops. M-Pesa, a mobile phone-based money transfer service system, is an innovative solution for giving small farmers access to bank accounts. M-Pesa was developed in Kenya by Telkom, a Vodafone affiliate. Millions of people in the rural areas use the mobile phone system to deposit, withdraw and transfer money. This proven mechanism has lots of potential for replication elsewhere.

6. Chain-wide innovation/Local spin-off from global value chains

Upscaling could be achieved through deliberate innovation around the spin-offs from export-oriented agriculture that are applied to the local economy. For instance, one important spill-over of export-oriented horticulture is that products need to be grown in rotation; this creates the necessary space to grow crops suitable for local sales (such as sweet potato and ginger). In addition, if the exporter offers the farmers the necessary inputs and training, it could lead to the wider application of more sustainable practices, such as low cost drip irrigation.

7. Networks and new technologies

Farmer organisations and cooperatives are vital links in the process of effectively reaching farmers. It is however also crucial to develop new ways of reaching unorganised farmers, as they form the majority of the agriculturalists in Africa. ICT systems could perform an interesting social network function; for example, they could strengthen weak cooperatives or provide opportunities for new virtual cooperatives. The ESOKO platform, for example, is a web-managed system that enables real-time data gathering and dissemination via the Internet and mobile phones. Farmers can sign up to receive alerts on their mobile phones whenever new market prices are posted, or they could send one-time price requests for the most recent prices. The system could be used regionally, in many



different languages, and by many clients at the same time. Evidence shows that farmers using ESOKO have increased their revenues by an average of 30 to 40%. In 2009, ESOKO won the United Nations World Summit on the Information Society award for e-inclusion and participation.

8. Increasing productivity through sustainable intensification

Closing the yield gap demands the application of sustainable intensification practices. This entails making use of the best technical and ecological means of combining modern science with local knowledge to produce more crops from the same area of land while reducing the environmental impact. One interesting example of sustainable intensification is the System of Rice Intensification (SRI). SRI increases the productivity of the resources used in rice cultivation, while reducing the need for water, seeds, synthetic fertilisers, pesticides, herbicides, and often also labour — especially the tasks that are typically performed by women. SRI methods in India have tripled yields per acre while saving up to 40 percent of the amount of water that was used in the past. Other sustainable practices include zero tillage, which can reduce production costs by 15–20 percent and limit soil loss and water runoff, as well as agroforestry systems (such as nitrogen-fixing leguminous trees and shrubs). All this has reduced soil degradation and improved crop yields three- to fourfold.

Commercial relations for collective interests

The Seas of Change workshop generated a great deal of debate around the term, “inclusive” and what it means. The diagram, on page 45, illustrates its multiple dimensions. At its core, inclusive business is about managing commercial relations. In the agri-food sector, in particular, those relations contribute to fair economic opportunity at scale, while sustainably feeding the world population. The relations include a wide range of

actors - including global companies, local business, financial institutions, local entrepreneurs, small-scale farmers, and producer organisations. Aligning the commercial relations to achieve wider social goods requires partnerships with and support from government agencies, NGOs, and research; all within the context of a supportive environment of public policy and public investment.

The challenge is to find ways for these commercial relations to function so that they contribute optimally to the wider collective interests of food security and economic opportunity for the poor, while still being profitable. This will only happen with the right incentives, coordination mechanisms and leadership. Partnerships and dialogue are essential to ensure that ‘rational’ decision-making at individual firm level does not lead to ‘irrational’ outcomes for the entire agri-food system.



4

2 KEY LESSONS PER ACTOR GROUP

A collective challenge

It is clear that a single player operating alone cannot take inclusive business initiatives to scale. All the different parts of the jigsaw puzzle must be in place to make it possible. New models for effective partnership are as important as new business models are for individual firms. Each actor group brings specific capacities and possibilities to the table.

This section covers the key lessons that the Seas of Change learning initiative found for each of the actor groups. By focusing on those priorities, each actor is able to contribute effectively to setting up new inclusive initiatives, and to help make sure that promising initiatives can grow to a meaningful scale.





1. Government

Commercial interests must ultimately make inclusive agri-food markets the standard mode of operation. However government has an essential role to play in creating an enabling environment by providing policy leadership, and by creating appropriate incentive

mechanisms. The private sector can do a lot to reduce poverty and work fast in doing so, but governments must create a supportive business environment and effectively link public and private investment.

Key lessons

1. Ensure leadership and alignment of stakeholders:

Create shared goals through the development of platforms for dialogue and public private partnerships.

2. Create incentives through public investment and regulation:

Government must encourage potential entrepreneurs and investors to take on a defined set of initiatives by offering the right incentives (such as clarifying land titling for access to land), as well as the conditions for success (including targeting smallholders). Such incentives should allow innovations in the system; for example, bidding rounds for lots and contracts are transactional approaches to kick-starting and accelerating investment.

3. Make inclusive business central to agricultural policy:

Public policies that favour inclusion need to be very pro-poor and very pro-market at the same time. It is crucial to make adequate investment in the core public goods of infrastructure, education, and research in tandem with the creation of an enabling policy environment.

4. Tailor policy mechanisms to different categories of farmers:

a. Provide subsistence and landless farmers (mainly female-headed households) with safety nets and risk management tools to help them cope with risks and vulnerability, and to help them move to higher-risk/higher-return activities through targeted policies for the informal sector (e.g. the issuing of licences and support services to informal milk vendors in Kenya).

b. Support small commercial farmers by promoting business development services (e.g. technical assistance, access to certification schemes), by improving access to finance, by strengthening farmers' organisations, by securing land rights, and by expanding local and regional markets via regional integration.

c. Make large-scale farming inclusive by ensuring their compliance with international labour standards, as well as consistency with the development strategies of the local countries by establishing transparent and participatory negotiations for land acquisition and transfer, and by favouring the adoption of sound agricultural practices.

2. Business

The market potential of inclusive business models in the agri-food sector is illustrated by the number of companies, large and small, that are now testing out and working with new approaches. Clearly, a significant shift is occurring; one in which inclusiveness is less CSR driven and in which former philanthropic activities are becoming part of the core business strategy. This has major implications for business in terms of how inclusive strategies are analysed, invested in, and executed.

Key lessons

1. Look for market opportunities for inclusive work: Instead of seeing inclusive business as an obligation, tackle it from the point of view of the medium- and longer-term opportunities. This will make it possible to gain a better understanding of how inclusive business models could add value to companies, as well as of the accompanying risks.

2. Create a clear strategy around inclusiveness: Businesses that are succeeding in this area have a clear vision and a long-term plan. These strategies are being developed concurrently with new business initiatives and practices. Successful businesses are also communicating these strategies and their multiple benefits out loudly.



3. Embed inclusive business into core operations and culture: CEOs and those working directly in inclusive operations are increasingly able to see the value for their businesses. In spite of this, it is still not that easy to disseminate that understanding throughout a company. It is crucial to create incentives that motivate concerned.

4. Invest in effective partnerships: Create an overarching, holistic strategy at industry level to share costs and risks, or develop new chains. Mobilise multiple sources of investment from relevant stakeholders (governments, international organisations, and NGOs), particularly for the pre-commercial phases. Companies will need to adapt their corporate culture from a competitive mind-set to a partnership-oriented outlook to enable changes of this kind.



“I’m not sure that farmers have enough bargaining power to enter into relationships with agribusinesses and to negotiate satisfying conditions for themselves.” Marie-Hélène Collion, Lead Agriculturalist, World Bank.

3. Producer organisations

Finding efficient and cost-effective ways of working with large numbers of small-scale producers is a fundamental challenge in creating viable, inclusive agri-food markets. Producer organisations can play a critical role at the interface of production and markets, helping to ensure aggregation of product and the development of market linkages. They also need to reach out to members to offer services, provide sound agricultural practices, and to represent their interests. It can be a challenge for producer organisations to balance business efficiency with collective decision-making processes. They also often find themselves needing to take on a diversity and complexity of roles and functions that require good internal systems and management.



Key lessons

- 1. Ensure efficient and transparent business operations:** Producer organisations need to have good business practices and skilled staff in place to be effective business partners. They must balance downstream support to members with developing upstream market opportunities and stable business partnerships.
- 2. Assist members in improving productivity and product quality:** These are key criteria that determine whether they will engage with small-scale producers.
- 3. Monitor social impact:** Good impact monitoring generates the information needed to protect the members’ interests while also supporting accountability to investors.
- 4. Support innovation in risk management:** Unpredictable risks, which are common in agricultural production systems, often act as key barriers that prevent both producers and buyers from getting involved in inclusive business models. Since producer organisations sit at the interface between producers and buyers, they have a key role to play in driving and implementing new approaches to risk management such as, for example, micro-insurance.
- 5. Engage in policy dialogue with government and business:** Many policy and enabling environment issues affect the incentives that drive upstream buyers and producer organisations to connect, as well as the ease with which they can do so. Producer organisations and businesses jointly represent a powerful voice for policy change.

4. NGOs

The question as to the role and effectiveness of NGOs, when it comes to supporting inclusive business operations, has generated a major debate. The discussion is a polarised field of stories of inspiring success and dismal failure. Business is, however, increasingly becoming interested in partnering with reliable and effective NGOs. NGOs must find their place in the partnering role while continuing to effectively juggle their advocacy function.

Key lessons

1. Make business viability a priority concern: Keep a focus on market realities and long-term business viability, while building up responsible partnerships with business. NGOs must work with personnel that understand business realities and are able to build trust in business actors. This focus could prevent the process of setting up subsidised initiatives that fail whenever projects or funding stop.

2. Support intermediary functions and pre-commercial activities:

Strengthening the negotiating power of the farmers' organisations, facilitating the flow of information, and overcoming coordination problems will contribute to stable long-term inclusive business. The NGOs could manage the initial phases of the transition from subsidy to commercial lending to farmers.

3. Adapt roles as the partnerships evolves: Plan good exit strategies and adjust roles and support as market initiatives develop.



4. Recognise the local pioneering role: NGOs have often pioneered, experimented and learned with local groups. So called “failed” investments have also sown the seeds for change and created a foundation on which viable businesses are later built.

5. Maintain a ‘watchdog’ function: Hold businesses publicly accountable for their actions: businesses admit that the NGO role of speaking out is a crucial factor in driving change. NGOs that remain critical could also meaningfully validate truly inclusive initiatives. As one business operator put it: “trust and verify”.

“We in business need to get closer to academia, because the problems are just too tough for us to tackle without deeper understanding.” David Rosenberg, Group Sustainability Advisor, Ecom Agroindustrial Corp. Ltd.



5. Knowledge Institutions

The Seas of Change event highlighted the fact that we are facing an extensive and very interesting innovation and learning agenda. There is a relative dearth of cross-case study analyses and a major need for progress monitoring and analysis. Businesses, NGOs, producer organisations and policymakers are hankering for insights that could render their investments more effective. Changes are however occurring at a rapid rate and markets are highly dynamic; businesses need ‘information today about what happened yesterday to make decisions tomorrow’. This calls for different types of research and much closer engagement between the researchers and the knowledge users.



Key lessons

1. Develop applied research programmes: In the inclusive agri-food markets domain: knowledge institutions need to work with research funders to create applied, interdisciplinary research programmes with a strong monitoring, outreach and communication focus.

2. Work in partnership and use action research approaches:

A lot of knowledge development must be done ‘in situ’, where market actors can develop integrated solutions for specific contexts that are subject to frequent change. This calls for interactive and action research approaches and researchers with client-oriented capabilities.

3. Foster and facilitate innovation networks: Deepen the understanding of inclusive business and capacity across business, government, producer organisations, knowledge institutions, and the NGOs. Act from neutral platforms to foster sharing and co-learning that draw from and adapt insights and lessons across sectors and regions.

4. Integrate inclusive business in teaching curricula: Agricultural graduates need to have combined skills packages that include solid business training, multi-stakeholder process skills, livelihood analysis, policy awareness, etc.

5. Develop local capacity: The capacity of the local actor remains a major restriction in the development of inclusive markets. Education and knowledge institutions must focus on training producer organisations, local businesses and entrepreneurs, local government, and NGOs.

This report is the outcome of the first phase of a learning initiative. Partners and businesses engaged in the Seas of Change initiative generated many valuable ideas and inspirations. At the same time, the April workshop highlighted the many questions that still remain unanswered. Those questions demand further collaboration, applied research, and joint learning across a number of key issues.

After the workshop, a wide range of participants met and agreed on follow-up areas they would be willing to address in the future.

This section represents an outline of the follow-up agenda, which is being further developed and discussed with potential funders. *Readers are invited to get in touch if they have an interest in any particular topic.*

The intention is to create a long-term joint action research program that is built on the elements mentioned below. The follow-up activities will be up and running by the end of 2012, the aim being to set up the required capacity for the active stimulation and coordination of the proposed collaborations.





“New incentives are needed for generating research results that have impact.”

Johan Verburg, Coordinator Private Sector Engagement, Oxfam Novib.

Overall objectives

1. Individual businesses are supported in tackling the specific operational challenges they face when working inclusively, as well as in scaling promising initiatives.
2. Business, government, NGOs, producer organisations and researchers collaborate in improving the policy, business, and investment environment for inclusive agri-food market development.
3. Research capacities are coordinated and better utilised to support the innovation, exchange and learning needed to scale inclusive agri-food market development.

Priority issues

The following nine priority issues were raised by workshop participants; all based on extensive experience. Some points reflect the importance of particular workshop themes, while others cut right across the boundaries. Overall, these issues relate to two main challenges: one is to support very large numbers of small-scale suppliers in the improvement of their livelihoods, as well as in becoming viable business partners; the other is to create incentives and mechanisms for business to work with lower income groups. The issues are mentioned in no particular order.

1. Strengthening the intermediary function: Inclusive business depends on good partnerships and relations. Trusted ‘ethical agents’ and platforms play key roles in brokering such relations and in stimulating innovation. People and organisations that can effectively take on this role are in short supply. They require a special skill set that needs to be developed. Much remains to be learned about making multi-stakeholder platforms more effective. Questions about how to fund the intermediary function also need to be resolved.

2. Informing and shaping supportive policies: Policy is critical, yet there are few mechanisms in place to enable business players and policymakers to engage deeply in shaping an enabling business environment and in setting up effective public-private partnerships. The existing public-private funding mechanisms for agri-food sector development are relatively new and need to build in rapid adaptation mechanisms based on quick feedback from the private sector. Regular policy dialogue and responsive shifts in policy settings are essential for ensuring progress on the inclusive agri-food market agenda and for coping with emerging issues and a rapidly changing context.

3. Progressing a ‘new certification’ agenda: Certification was a hot topic. The existing mechanisms and assumptions were generally questioned while, at the same time, concern was expressed about the hazards of ‘throwing out the only tool we have’. Although certification does not focus very explicitly on the wider issues of inclusion, it could be a mechanism for scaling, especially given the fact that a growing number of companies are committing to certification. Some of the key topics concern questions such as how to make certification affordable while still remaining reliable at scale, and how to find complementary approaches.

5. Improving mechanisms for collaborative and pre-commercial financing: Inclusive business in the agri-food sector will often need a kick-start before becoming commercially viable. This particularly applies where it is intended to provide economic opportunity at scale. This calls for a fine balance between the public and philanthropic funding needed to create the right incentives and level of risk-sharing to ensure appropriate innovation and failure while, at the same time, not subsidising business operations inappropriately. A further challenge is to provide this type of financing in such a way as to drive inclusive entrepreneurship without excessive 'red tape'.

6. Strengthening agri-cluster and networked business initiatives: A great deal of attention is being given to single value chains or commodities. Inclusive growth in the agri-food sector however also hinges on cluster development in areas where agri-services, processing and logistics can support multiple supply lines and create economies of scale. Many of those types of services are provided by SME's: critical to economic growth, but hard to deal with at scale. This requires strategic coordination and investment from agri-food companies, different levels of government and financiers.

7. Improving mechanisms for joint learning and research between all groups: The Seas of Change gathering of leading practitioners confirmed the initiative's initial assessment: that there are very few mechanisms available for joint learning between the key players in business, government, the producer organisations, the NGOs and research.

8. Monitoring and assessing social impact: Many businesses that have made commitments to working in an inclusive way now feel the pressure

to report on the social impact of their operations. At the same time, there is a growing need for a better overall assessment system for sector-wide trends and impacts, and donors are under increasing pressure to show the returns yielded by public investment. Gathering this information is another critical support element in learning and innovation. Finding the right metrics and cost-effective ways of collecting and reporting data are all very high priorities for all the parties concerned.

9. Deepening understanding and capacity across business, government, producer organisations, knowledge institutes, and NGOs: The inclusive business domain is changing very rapidly. Old assumptions and prejudices are collapsing and the notion of shared value is creating a whole new constellation of partnerships. It is often hard for people, be they in business, NGOs or government, to keep up. All that notwithstanding, a key conclusion of the workshop was the realisation of how important the shared understanding of the current dynamics is and also that everyone effectively needs the new skills and capacities required to put inclusive business strategies into practice.





“I take away [from the workshop] to the World Bank good news. There is indeed a future for small farmers. Companies need small scale farmers.” Marie-Hélène Collion, Senior Agriculturalist, World Bank.

Follow-up mechanisms

The learning initiative believes the following four mechanisms are needed to effectively achieve the overall objectives and to tackle the individual priority issues.

1. Exchange Hub: While there are already many development and NGO oriented networks and learning platforms, there is still a need to exchange information more effectively across the boundaries between business, policy, NGOs and research. The parties will explore the option of an informal, low-overhead approach to keeping all the interested parties informed, to catalyse follow-up action, and to share information. The Seas of Change website will be further developed to support that approach.

2. Action research with business cases: A number of businesses expressed an interest in tailor-made support to help them tackle the issues they face in specific business contexts. They would like to be able to access the latest knowledge, experience and lessons acquired by colleagues operating in the domain. This opens the potential for connecting action research programmes to specific business cases and then feeding the learning back into the wider network. The businesses are also willing to share their experiences with colleague competitors, knowing that they will benefit from the experiences of others through an exchange hub.

3. Applied research on priority themes: In-depth research and analysis is needed of the themes and issues arising from Seas of Change. This needs to be done in close collaboration with key stakeholder groups, and the outcomes should be focused on creating value in terms of business strategy, NGO engagement and policy development.

4. Focused learning events: The above-mentioned mechanisms should be underpinned by and complemented with learning events targeting specific issues and/or regions, but with an on-going emphasis on learning from and sharing among the players in business, policy, NGOs, producer organisations, and research.

Partners

All the initial partners in the Seas of Change initiative are interested in continuing a loose collaboration in which each party focuses on different topics related to its own priorities. While a neutral, coordinating party is considered important, it would have to be established explicitly.

Funding

A core programme funded for five years is considered necessary to be able to secure the required critical mass of activity and support. The programme could be complemented with other relevant research programmes. Businesses are being asked to contribute by means of their own individual initiatives, which could form part of the cross-case study research and funding for specific activities. Participating development organisations and research institutions are being asked to join in based on their own areas of expertise and priorities while funding is being sought from donors.

APPENDIX 1: CONTRIBUTORS

Key contributors

Keynote speech

Ben Knapen, Minister for Development Cooperation, Dutch Ministry of Foreign Affairs
Atul Mehta, Director Global Agriculture, Manufacturing and Services, International Finance Corporation.

Official opening

Martin Kropff, Rector Magnificus and Vice-chairman of the Executive Board, Wageningen UR.
Vincent Lokin, Director Cooperatives and Governance, Rabobank Netherlands.

Voices from the field

Chris Brett, Senior Vice President Global Head of Corporate Responsibility and Sustainability, OLAM.
Lucy Muchoki, Chief Executive Officer, Pan African Agribusiness and Agro Industry Consortium.

Setting the scene

Jim Woodhill, Director, Centre for Development Innovation, Wageningen UR.

Insights from Commodity studies and cases

Lucia Wegner, Consultant, Centre for Development Innovation, Wageningen UR.

How do different players from government, NGOs, and producer organizations see the challenges and opportunities for scaling?

David Bright, Senior Adviser and Team Manager, Business and Markets, Oxfam GB.
Ibrahim Coulibaly, Leader of national and West-African farmers organisations, CNOP (Mali) and ROPPA (West Africa).
Kevin Cleaver, Associate Vice President, IFAD.

Key driver and issues

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Gine Zwart, Senior policy advisor, Oxfam Novib.
David Rosenberg, Group Sustainability Advisor, Ecom Agroindustrial Corporation Ltd.

Final reflections

Marie-Hélène Collion, Lead Agriculturist, Worldbank.
Duncan Pollard, Sustainability Advisor, Nestlé.

Commodity experts

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Don Jansen, Program Manager Douwe Egberts foundation, D.E Master Blenders 1753.

Cocoa

Duncan Pollard, Sustainability Advisor, Nestlé.

Cotton

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Horticulture

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Tulio Rene Garcia Morales, Executive Director, Cooperative Union ‘Unión de 4 pinos’.

Staple crops

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Tea

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Ensuring greater local spin-off from global value chains.

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Hans Baart, Owner, Multiflowers.
Rob Marijnen, Business Development Director Africa and Middle East, Heineken.
Elijah Kang'ara, General Manager, Star Cafe Ltd.

Working effectively with large numbers of producers.

Don Seville, Co-Director, Sustainable Food Lab.
Joost Guijt, Coordinator "Seas of Change", Centre for Development Innovation, Wageningen UR.
Marc Monsarrat, Senior Manager Sustainable Landscapes, Rainforest Alliance.
Peter Mbadi, Sustainable Agriculture Project Manager, Kenya Tea Development Agency.
André Dellevoet, Executive manager Africa Enterprise Challenge Fund (AECF)&AGRA.
Chris Brett, Senior Vice President Global Head of Corporate Responsibility and Sustainability, OLAM.

Partnerships for scaling (experiences & challenges, roles and funding).

Jan Ubels, Senior Strategy Officer, SNV Netherlands Development Organization.
Dirk Jan de With, Vice President Procurement Ingredients & Sustainability, Unilever.
Sheikh Noor Ullah, Portfolio Manager, Acumen Fund.
David Rosenberg, Group Sustainability Advisor, Ecom Agroindustrial Corporation Ltd.

Crucial enabling policy and regulatory environments.

Jim Woodhill, Director, Centre for Development Innovation, Wageningen UR.
Bill Vorley, Principal Researcher, Sustainable Markets, International Institute for Environment and Development.
Steve Wiggins, Senior Researcher, Overseas Development Institute.
Juan Cheaz, Coordinator "Livelihoods Support Organizations Learning Group", Rimisp.

Practical evidence of the business case on scaling food and nutrition security.

Rutger Bults, Matchmaking & Business Relations, BoP Innovation Center.
Thom Sprenger, Strategic Advisor, BoP Innovation Center.

Learning fast: M&E and systems for rapid large-scale learning.

Simone van Vugt, Senior adviser Multi Stakeholder Processes, Centre for Development Innovation, Wageningen UR.
Christel Schiphorst, Network Facilitator, Agri-ProFocus.
Dave Boselie, Director Learning and Innovation IDH, Sustainable Trade Initiative.
Carl Cervone, Deputy Director, Technoserve.
Gine Zwart, Senior policy advisor, Oxfam Novib.

Seas of Change Plaza

Agri-Hubs in Central Africa.

Esperance Mukarugwiza, Coordinator Agri-Hub Rwanda, Agri-ProFocus.

Scaling inclusive business with Ecom/Kawacom.

John van Duursen, Program Manager Green Entrepreneurship, Hivos.

Scalability.

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Jennie van der Mheen-Sluijer, Regional Account Manager Africa, Wageningen International, Wageningen UR.
Peter Mbadi, Sustainable Agriculture Project Manager, Kenya Tea Development Agency.

Connected Agriculture.

Laura Crow, Sustainability Analyst, Vodafone Group.

Learning and Earning.

John Belt, Senior advisor in sustainable economic development, Royal Tropical Institute.
Wim Goris, Network facilitator, Agri-ProFocus.

Linking and learning from local economic empowerment.

Juan Cheaz, Coordinator "Livelihoods Support Organizations Learning Group" Rimisp.

Experiences of Technoserve.

Mandla Nkomo, Business Development Manager: Agribusiness & Food, Technoserve South Africa.

APPENDIX 2: PARTICIPANTS

Jean Marc Anga	Executive Director ICCO, International Cocoa Organization.
Henok Assefa	Founder and Managing Partner, Precise Consult International.
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Stephen Birungi	Managing Director, Farm Support Limited.
Kees Blokland	Director, Agriterra.
Hans Bogaard	Head AgriBusiness, Rabo Development, Rabobank Group.
Andrea Bolhuis	Specialist Product Sustainability, Ahold.
Marije Boomsma	Senior Advisor Sustainable Economic Development KIT, Royal Tropical Institute.
Haaye Boonstra	Senior Technologist Supply Chain Services, Heineken.
Dave Boselie	Director Learning and Innovation IDH, Sustainable Trade Initiative.
Chris Brett	Senior Vice President Global Head of Corporate Responsibility and Sustainability, OLAM International.
David Bright	Head Business and Markets, Oxfam GB.
Hedwig Bruggeman	Director, Agri-ProFocus.
Rutger Bults	Matchmaking and Business Relations officer, BoP Innovation Center.
Sönke Buschmann	Leader BDS Business Unit, Triodos Facet.
Monique Calon	Senior Policy Advisor, Dutch Ministry of Foreign Affairs.
Maria E. Castro Gregor	Executive Director, Dole Foundation.
Carl Cervone	Deputy Director, Technoserve.
Juan Cheaz	Coordinator "Livelihoods Support Organizations Learning Group" RIMISP, Latin America Centre for Rural Development.
Chris Claes	Coordinator Sustainable Agricultural Chain Development, Vredeseilanden/VECO.
Kevin Cleaver	Associate Vice President IFAD, International Fund for Agricultural Development.
Marie-Hélène Collion	Lead Agriculturist, World Bank.
Ibrahim Coulibaly	Leader of national (Mali) and West-African agricultural producers' organisations, CNOP and ROPPA.
Laura Crow	Sustainability Analyst, Vodafone.
Myrtille Danse	Director, BoP Innovation Center.
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Vincent Fautrel	Trade Coordinator, CTA, Technical Centre for Agricultural and Rural Cooperation.
Judith Fraats	Program Officer, IDH, Sustainable Trade Initiative.
Tulio Rene García Morales	Executive Director, Cooperative Union 'Unión de 4 pinos'.
Diana Gimba	Lead Consultant, Ra-ah Institute of Development.
Carol Gribnau	Head Sustainable Economic Development Bureau, Hivos, Humanist Institute for Development Cooperation.
Han de Groot	Executive Director, UTZ Certified.
Michaël de Groot	Investment Manager Rural Fund, Rabobank Foundation.
Joost Guijt	Associate Consultant, Centre for Development Innovation, Wageningen UR.
Allert van den Ham	Chief Executive Officer SNV Netherlands Development Organization.
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Heleen van Hoeven	Director Market Transformation Initiative, World Wide Fund.
André de Jager	Acting Director North and West Africa division, IFDC, International Fertilizer Development Center.
Don Jansen	Program Manager Douwe Egberts foundation, Sara Lee International b.v.
Mark Joenje	Director ICCO Investment Fund, ICCO, Interchurch Organization for Development Cooperation.
Daniel Kamanga	Director of Communications, Africa Harvest.
Elijah Kang'ara	General Manager, Star Café Ltd.
Mylene Kherallah	Senior technical advisor private sector development/regional economist, IFAD, International Fund for Agricultural Development.
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Geoffrey Livingston	Regional Economist East and Southern Africa IFAD, International Fund for Agricultural Development.
Adriaan Loeff	Managing Director, Triodos Facet.
Vincent Lokin	Director Cooperatives and Governance, Rabobank Netherlands.
Mark Lundy	Senior Researcher, Decision and Policy Analysis Program (DAPA), CIAT, International Centre for Tropical Agriculture.
Arno Maatman	Director, ICRA, International Centre for development oriented Research in Agriculture.



Peter Mbadi	Sustainable Agriculture Project Manager, KTDA, Kenya Tea Development Agency.
Atul Mehta	Director Global Agriculture, Manufacturing and Services, IFC, International Finance Corporation.
Marc Monsarrat	Senior Manager Sustainable Landscapes East Africa, South Asia, Rainforest Alliance.
Lucy Muchoki	Chief Executive Officer, Pan African Agribusiness and Agro Industry Consortium.
Esperance Mukarugwiza	Agri-Hub Coordinator Rwanda, Agri-ProFocus.
Duncan Mwesige	Senior Investment Advisor-Agribusiness, East African Development Bank.
Eunice Mwangera	Founder and Director, Hillside Green Growers & Exporters Co.Ltd.
Rem Neefjes	Country Director Nepal, regional Agriculture Sector leader Asia, SNV Netherlands Development Organization.
Harry van Neer	Chief Executive Officer, Africa Juice.
Joost Nelen	Regional Agriculture Sector Leader West and Central Africa, SNV, Dutch Development Organization.
Cuong Nguyen Hoa	Deputy Director-General, Enterprise Development Agency at the Ministry of Planning and Investment, Vietnam.
Hans Nijhoff	Project Manager, Centre for Development Innovation, Wageningen UR.
Mandla Nkomo	Business Development Manager: Agribusiness & Food Security, Technoserve.
Michael Kwame	Nkonu Executive Director, Fairtrade Africa.
Sheikh Noor Ullah	Portfolio Manager, Acumen Fund.
Duncan Pollard	Sustainability Advisor Nestlé.
Thomas Price	Senior Programme Officer, FAO, Food and Agriculture Organization.
Gary Reusche	Operations Officer, Project Manager, IFC, International Finance Corporation.
Jeroen Rijniers	Officer Development Research, Dutch Ministry of Economic Affairs, Agriculture and Innovation.
David Rosenberg	Group Sustainability Advisor, Ecom Agroindustrial Corp.Ltd.
Robert Jan Scheer	Head Strategy and Knowledge Management, Dutch Ministry of Foreign Affairs.
Mirjam Schoonhoven	Strategy Officer, SNV Netherlands Development Organization.
Jean Bosco	Seminega Director, Kivu Arabica Coffee Company (KCC) Ltd.
Bert Sercu	Sustainability and development Manager, Durabilis.
Don Seville	Co-Director, Sustainable Food Lab.
Andrew Shepherd	Agricultural marketing and value chain expert CTA, Technical Centre for Agricultural and Rural Cooperation.
Max van der Sleen	Chief Executive Officer, Ecorys.
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Bart de Steenhuijsen-Piters	Head Social and Economic Development KIT, Royal Tropical Institute.
Jacques Trienekens	Associate Professor of Food Chain Management, Wageningen University and Research Centre.
Bahat Tweve	Network Manager for the Souther Highlands network, Tanzania, Tanzania Biashara Mapema Company.
Jan Ubels	Senior Strategy Officer, SNV Netherlands Development Organization.
Jennie van der Mheen-Sluijer	Regional Account Manager Africa, Wageningen International, Wageningen UR.
Ynze van der Valk	Consultant agro business development and project director, Farmco - Holland.
Jordy van Honk	Program Manager Tea and Cashew, IDH, Sustainable Trade Initiative.
Filippo Veglio	Deputy Director of WBCSD's Development Focus Area, World Business Council For Sustainable Development.
Sietze Vellema	Researcher and Lecturer in the Technology and Agrarian Development Group, Agricultural Economics Institute (LEI), Wageningen UR.
Johan Verburg	Coordinator Private Sector, Oxfam Novib.
Marcel Vernooij	Management Team Department Agriculture, Fisheries and Agribusiness, Dutch Ministry of Economic Affairs, Agriculture and Innovation.
Paulus Verschuren	Strategic Advisor/Vice chair of the Platform Food and Nutrition Security, Dutch Ministry Foreign of Affairs.
Jan Kees Vis	Director Sustainable Agriculture, Unilever.
Hendrik Jan Visscher	Brewer Policy Manager, Heineken.
Bill Vorley	Principal Researcher, Sustainable Markets Group IIED, International Institute for Environment and Development.
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Frits van der Wal	Senior Policy Advisor Sustainable Economic Development Section, Dutch Ministry of Foreign Affairs
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Geert Westenberg	Agricultural Counsellor, Dutch Embassy Ethiopia/Ministry of Foreign Affairs.
Steve Wiggins	Senior Researcher, ODI, Overseas Development Institute.
Dirk Jan de With	Vice President Procurement Ingredients & Sustainability, Unilever.
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Peter Erik Ywema	General Manager, Sustainable Agriculture Initiative (SAI) Platform.
Gine Zwart	Senior Policy Advisor, Oxfam Novib.

APPENDIX 3: BACKGROUND DOCUMENTS AND REFERENCES

Background studies

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Vermeulen, S., Woodhill, J., Proctor, F. and Delnoye, R. (2008),
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from islands of success to
Seas of Change
a report on scaling inclusive agri-food markets

Can agri-food companies do it all? Develop new markets, secure supply, protect reputations, ensure profits and reduce poverty, create jobs and guarantee food supplies? Company strategies now commonly refer to 'creating shared value' and 'inclusive business'. But with growing pressure on resources, a billion hungry people and some four billion people at the base of the economic pyramid by 2050, are we making progress fast enough? What options are there with real promise? And, how can all stakeholders collaborate better to bring change at scale?

This report gives the outcomes of the 'From Islands of Success to Seas of Change' initiative on scaling inclusive agri-food markets. It combines background research, interviews and case studies with the insights of 100 leaders from business, government, NGOs, research, and farmer organizations who attended the Seas of Change workshop in April 2012. The case for scaling inclusive agri-food markets is explained and ten key challenges are explored. This leads to lessons for key stakeholders and a follow-up agenda for improved targeting of inclusive investments.



Royal Tropical Institute

