

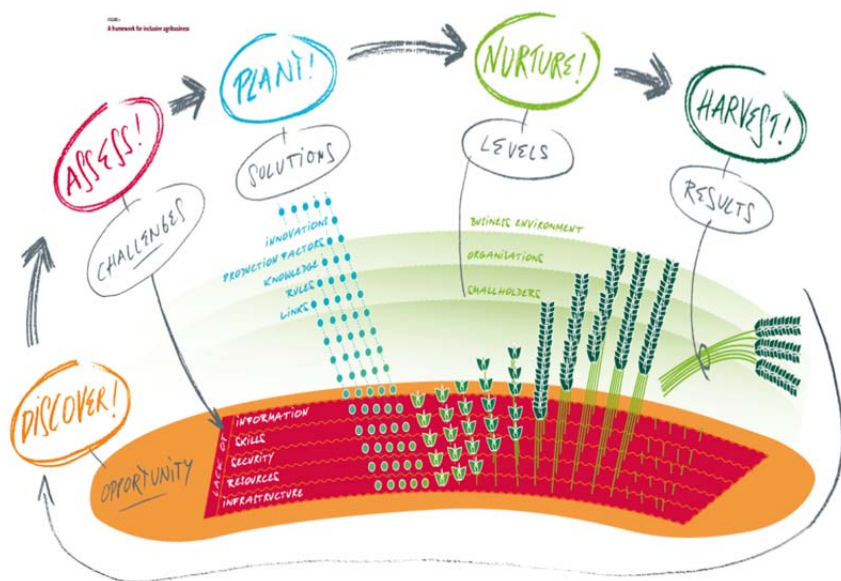
Documentation

Practitioner Workshop

“Growing Business with Smallholders in Southern Africa”

June 25/26, 2013 in Johannesburg, South Africa

Executive Summary – “A Guide for all Seasons”



Growing an inclusive agribusiness can be seen as analogue to cultivating a field, with business development corresponding to seasonal stages of growth. There are five steps corresponding to the various aspects of a business model.

- 1 – Discover! The inclusive agribusiness opportunity
- 2 – Assess! The smallholder context and its challenges
- 3 – Plant! Five solutions for inclusive agribusiness
- 4 – Nurture! Three levels of cooperation
- 5 – Harvest! Share the benefits and review the results

The workshop provided an introduction to the “Guide for All Seasons” with its five steps. In interactive sessions, participants had the opportunity to apply the framework to their business models. The participatory workshop also provided a platform for networking with potential business partners, as well as sharing experiences and best practices.

Source: GIZ (2012): Growing Business with Smallholders

Practitioner workshop - Agenda

Welcome
to
Growing Business
with Smallholders

BoP Sector Dialogue
Practitioner Workshop

Johannesburg, 25-26 June

Growing Business with Smallholders
WORKSHOP DAY I - 25 JUNE

13:00 Welcome & Introduction
to "Guide for all Seasons"

13:30 Discover! The inclusive
agribusiness opportunity

14:30 Assess! B4D-Pathfinder
Barometer for self-assessment

15:30 ☕

16:00 Plant! Five core solutions

17:40 Wrapping Up

18:30 🍷 - joint dinner
in the Amber room

Growing Business with Smallholders
WORKSHOP DAY II - 26 JUNE '13

9:00 Welcome to networking
partners & introductions

9:40 Support to inclusive business
from German Development Coop.

10:00 Nurture! Three levels of cooperation
→ Networking

12:00 Debrief

12:30 🍷 & Networking

13:30 Harvest! Measuring results

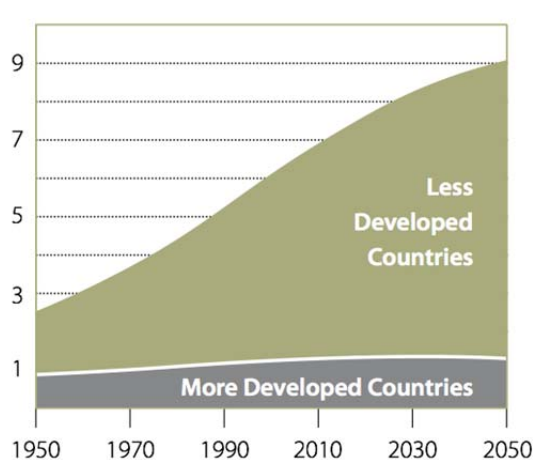
15:00 Transfer insights
- individual planning

15:20 Wrap-Up & Feedback

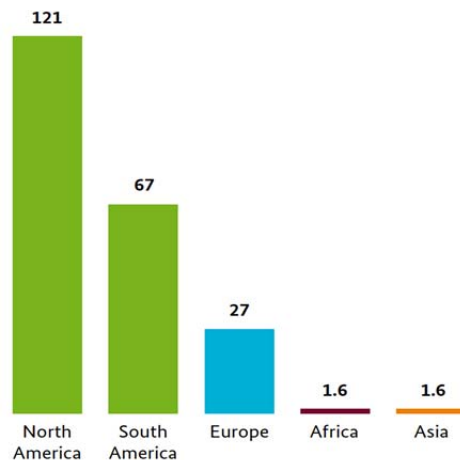
16:00 Good-bye

Background - Increasing demand

The workshop started with an introduction to the global increasing demand for food and the comparably small sizes of the majority of farms in Africa and Asia. However, in South Africa smallholders can neither successfully compete with commercial farmers in the country nor with subsidized produce from overseas. Still, due to the required increase of food production, new government policies and changed companies' strategies, it is likely that smallholders will play an increasing role in the value chains of larger companies in the future.



Source: UN (2005), World Population Prospect: The 2004 Revision



Source : Oksana Nagayets (2005)

Why smallholders will play a role

Food production / imports must more than double to feed the expanding population in 2035.

Strategies, Policies, Programmes of the South / southern African governments.

Change of companies strategies.

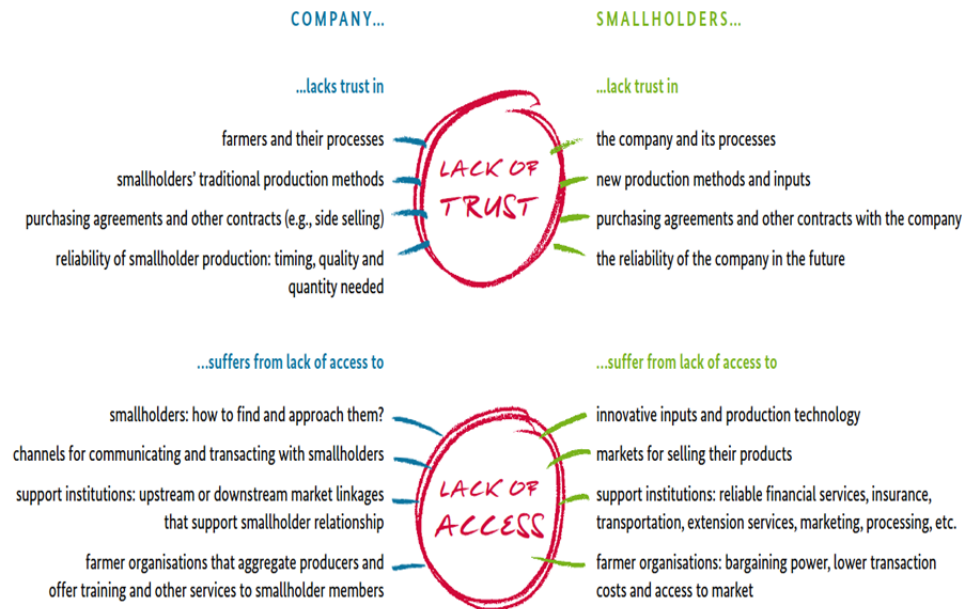
Expansion of supermarkets in other developing countries.

Discover!

Companies that aim to start or expand inclusive agribusiness first have to identify opportunities to work together with smallholders. The participants shared their agribusiness approaches, goals and views in an open dialogue. In addition, examples and best practices were provided on how other companies managed to involve smallholders in their supply chains. Along the whole value chain, from research & development up to retail & export, there are ample opportunities to integrate smallholders in a company's value creation process.

Assess!

Having discovered opportunities for partnering with smallholders, companies must evaluate the current situation of the farmers. The analysis and understanding of smallholders' conditions and challenges is a central prerequisite for the success of any agribusiness model. In this context, the aspects of mutual understanding, relationship challenges such as a lack of trust, as well as structural challenges, like the lack of information, skills, security/law enforcement, resources and infrastructure are critical and need to be assessed intensively. The participants shared their own experiences and challenges in an open discussion.



Assess – The Business for Development (B4D) Pathfinder Barometer

In the context of assessing challenges, the B4D Barometer was introduced to the participants. The B4D Barometer is an online self-assessment and monitoring tool to evaluate the companies' performance and profit throughout all core business functions of the value chain. For every question of the Barometer Questionnaire, the performance of a company can be evaluated across levels 1 to 4. Regarding the supply chain, the B4D Barometer covers a set of around 35 questions. Some participants had filled in the Barometer before the workshop. The graph below indicates topics covered by the B4D Barometer and that were discussed with the participants.

|

Plant!

After assessing the possible challenges of cooperating with smallholders, Adequate solutions need to be developed. In the workshop, five core solutions were introduced and discussed by the participants.

The participants were split into two groups focusing on one business case each. One group focused on a case where a company wants to start an outgrower-scheme with several thousand smallholders; the other group looked at a case where a company wants to source red meat from smallholders but faces the challenge of ensuring traceability.

5 SOLUTIONS

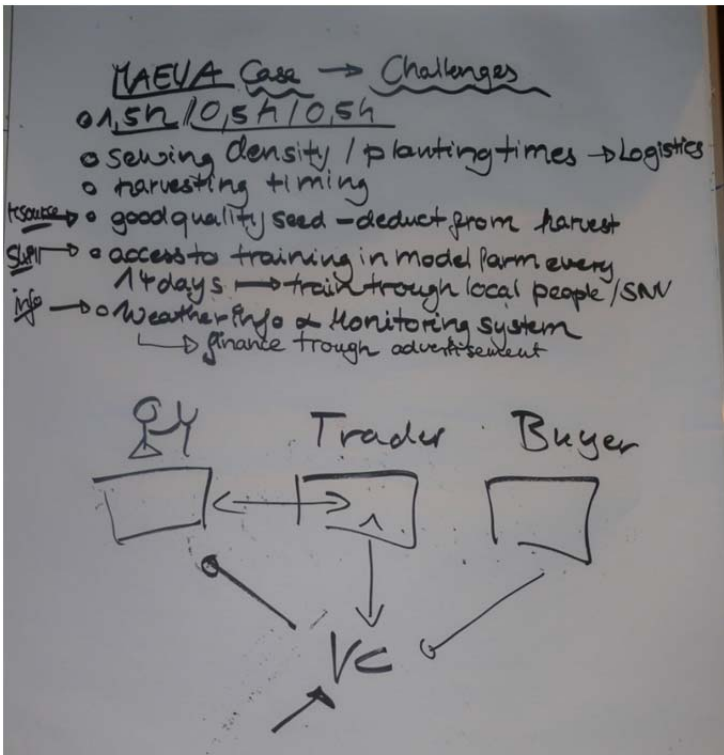
Conduct research and develop innovations

Upgrade smallholders production factors

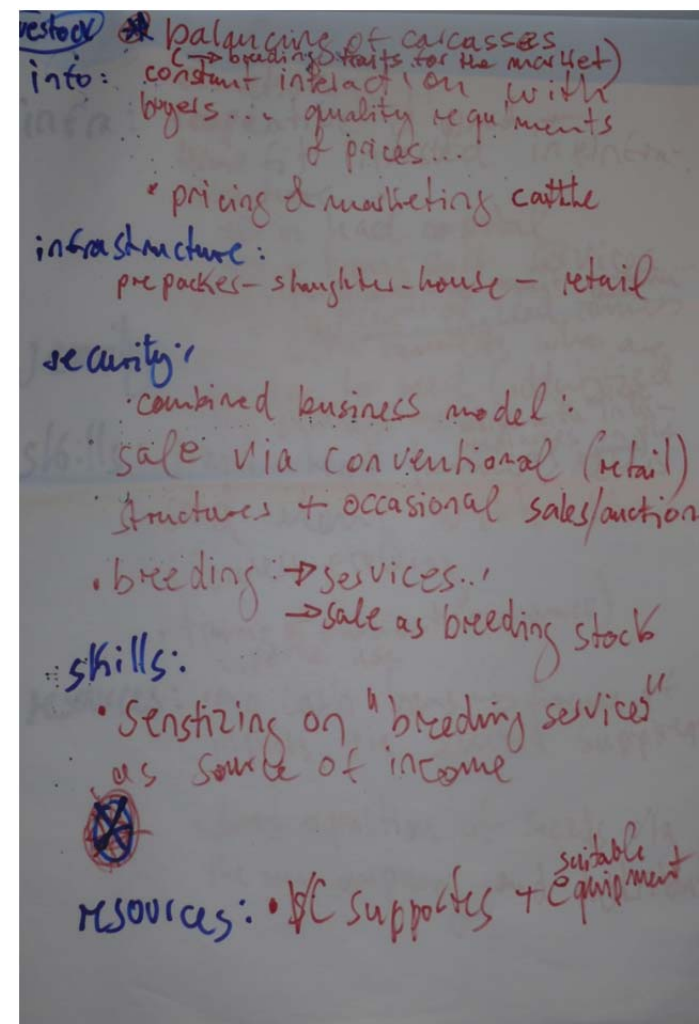
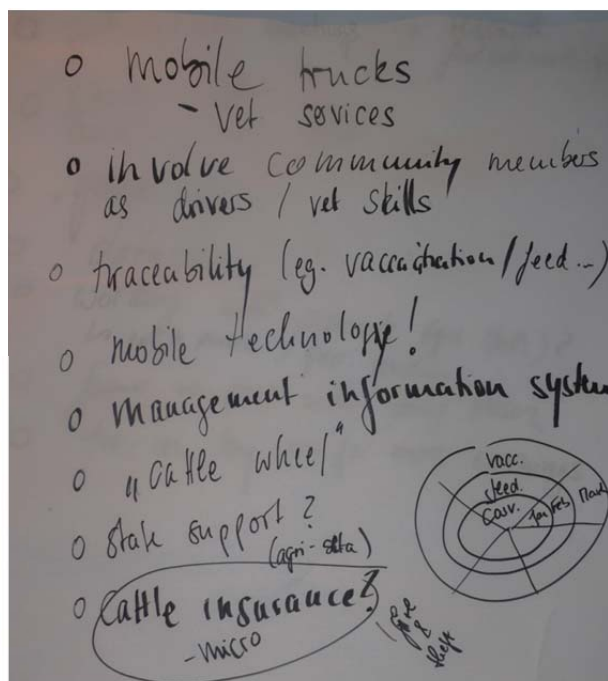
Inform, train and consult to transfer knowledge

Agree on and enforce rules

Strengthen links within the value chain

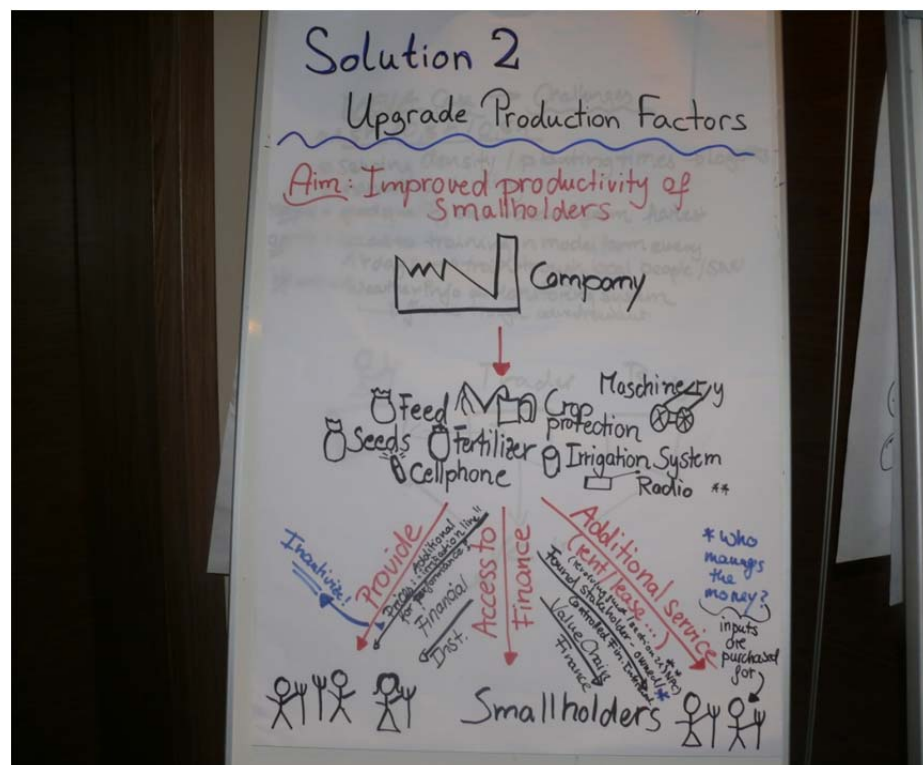


Plant!



Plant - Five Solutions

Both groups discussed all five solutions with a respective resource person for chosen specific business case.




Plant –FiveSolutions

Solution 3

Inform, Train, Consult

Aim: Enable smallholders to sustainably run business relationships



The diagram illustrates a 'Company' (represented by a factory icon) interacting with 'smallholders' (represented by house icons). A central 'Knowledge' hub is connected to five components: Inform, Skills, Security, Resources, and Infrastructure. These components then connect to the smallholders, who are shown in a group and as individuals.

Key questions:

- What information/knowledge?
- How to transfer info/knowledge?

Solution 4

Agree & Enforce Rules

Aim: TO CREATE A COMMON PLATFORM FOR THE ENGAGEMENT

HOW DO WE ENFORCE RULES IN INFORMAL MARKETS?

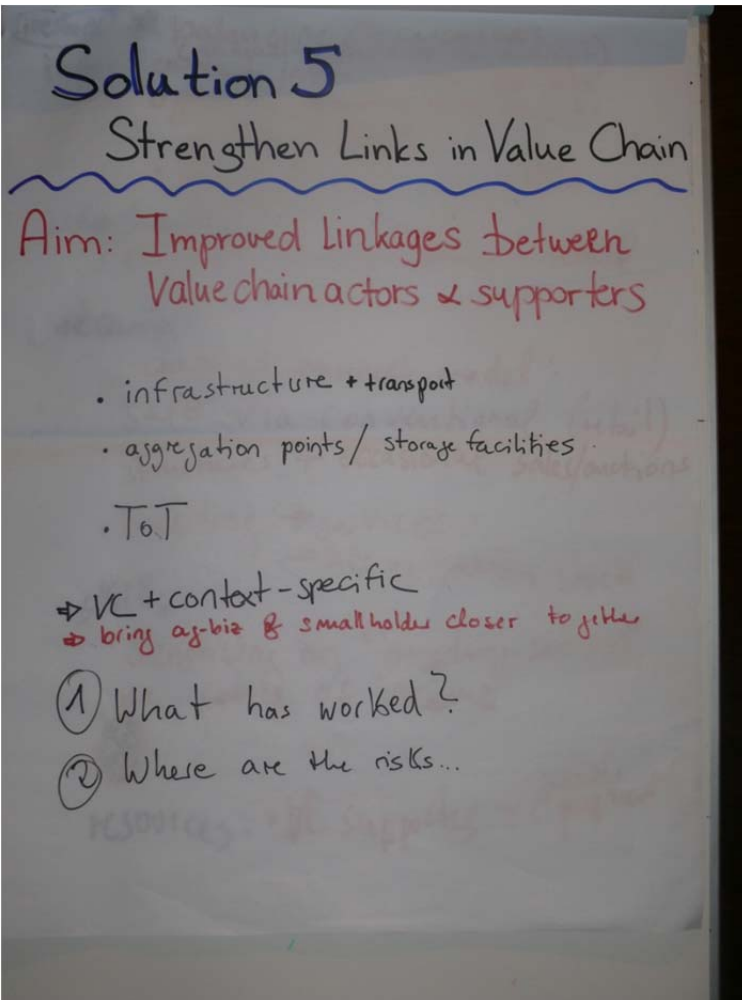
• CHALLENGES:

- INFORMATION
- SKILLS
- SECURITY
- RESOURCES
- INFRASTRUCTURE

• BUILD TRUST, KEEP IT SIMPLE?

• BUILD CAPACITY, USE INTERMEDIARIES, PROVIDE INCENTIVES

Plant – Fivesolutions and additions



Solution 5
Strengthen Links in Value Chain

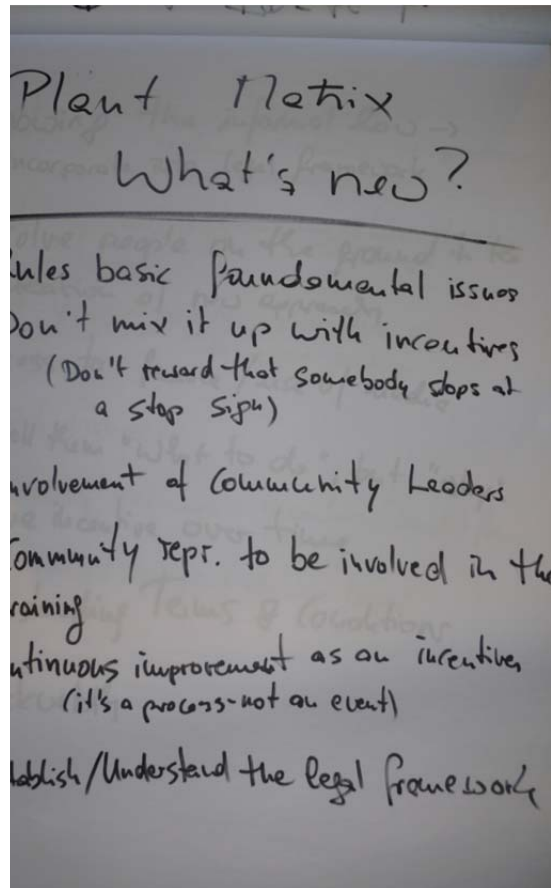
Aim: Improved Linkages between Value chain actors & supporters

- infrastructure + transport
- aggregation points / storage facilities
- ToT

⇒ VC + context-specific
⇒ bring ag-biz & smallholder closer together

- ① What has worked?
- ② Where are the risks...

After the session, the participants discussed additional solutions that were added to documented

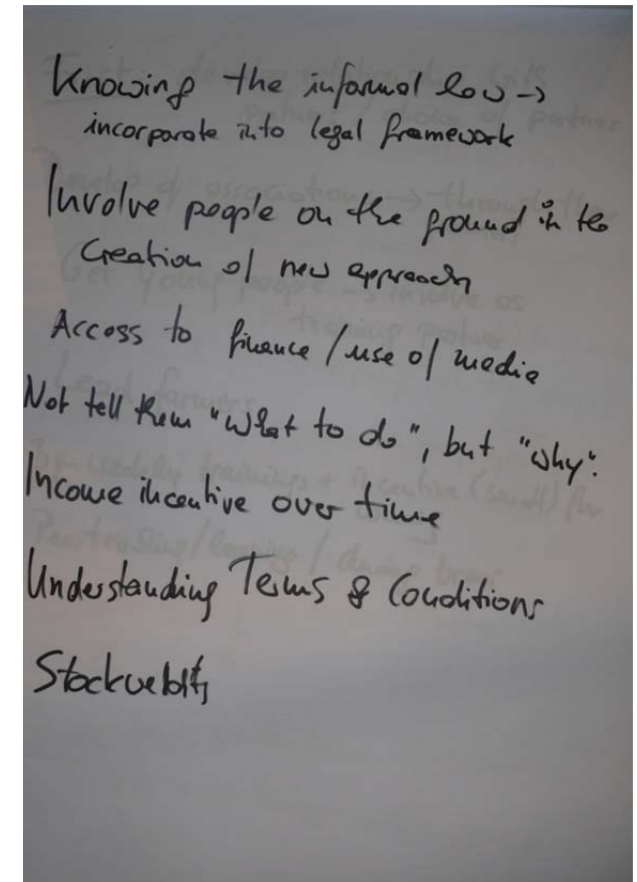


Plant Matrix
What's new?

rules basic fundamental issues
Don't mix it up with incentives
(Don't reward that somebody stops at a stop sign)

involvement of Community Leaders
Community repr. to be involved in the training
continuous improvement as an incentive
(it's a process - not an event)

establish / Understand the legal framework



Knowing the informal law → incorporate into legal framework

Involve people on the ground in the creation of new approach

Access to finance / use of media

Not tell them "what to do", but "why":
Income incentive over time

Understanding Terms & Conditions

Stakeholder

Nurture!

The second day started with an input on three different levels of cooperation and business partnerships: (1) the relationship between companies and smallholders (vertically and horizontally), (2) the collaboration with external partners (such as investors or enablers who, for example can train farmers), and (3) multi-stakeholder processes to improve the enabling environment for inclusive agribusiness. The session was accompanied by other stakeholders in the field of agribusiness, such as donors, farmers associations, enablers (e.g. service providers), multi-lateral organizations and others.

Nurture - The inclusive business approach and support mechanisms of the German Development Cooperation

In this session, the GIZ presented through which approaches, instruments and projects German Development Cooperation supports inclusive (agri-)business.



Nurture – Finding the right business partner for inclusive agribusiness

The goal of this session was to link businesses with possible partner organisations to foster more inclusive agribusiness models. All present partner organisations introduced themselves in an elevator pitch (“Why you should partner with me!”). The session was joined by farmers associations, donors, enablers (e.g. service providers) and multi-lateral organisations.



The networking session consisted of five rounds of exchange with potential partners in bilateral or multilateral settings.

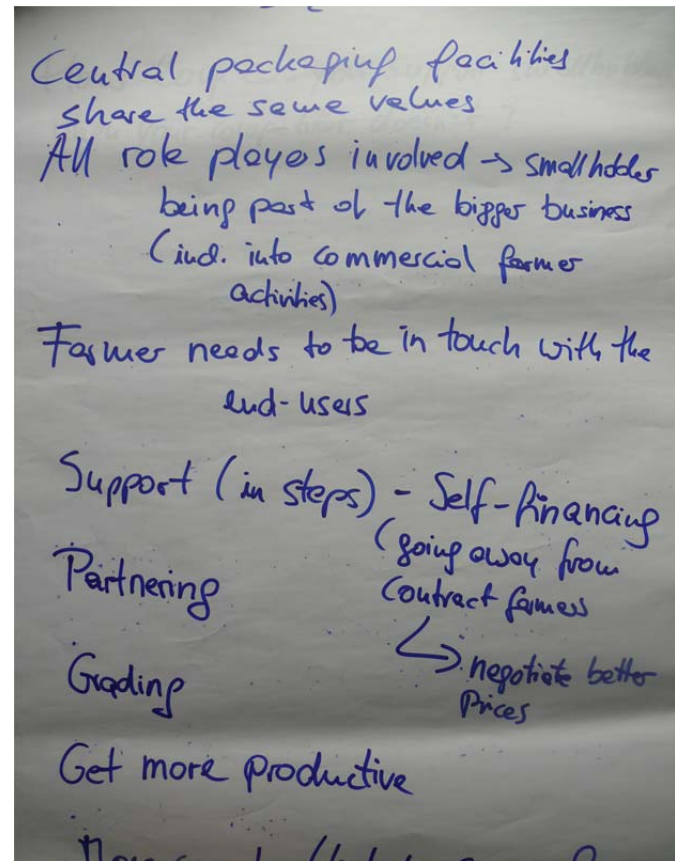


Nurture - Finding the right partner



Harvest!

The final step of creating an inclusive agribusiness model focuses on the harvest. This step requires monitoring and assessing the results and sharing the benefits equitably. In this session participants also shared their handling of challenges and failures while attempting to implement inclusive agribusiness models in the past. In joint discussions lessons learnt were identified and discussed.



Central packaging facilities
share the same values
All role players involved → smallholder
being part of the bigger business
(incl. into commercial farmer
activities)
Farmer needs to be in touch with the
end-users
Support (in steps) - Self-financing
Partnering (going away from
Contract farmers
↪ negotiate better
Prices
Grading
Get more productive
More...

Harvest - Four dimensions to be assessed (acc. to Vermeulen&Cotula, 2010)

In order to ensure the success of inclusive business models with smallholders, certain conditions must be fulfilled. These conditions can also be used to monitor and evaluate a business model. The participants discussed in how far their approaches match the proposed recommendations on the following criteria: 'ownership', 'voice', 'risks' and 'rewards' for both the company and the involved smallholders. In split groups they continued working on the case studies of the previous day

Ownership	Voice	Risks	Rewards
Who owns the business and production factors?	Who takes business decisions? Who can influence decisions?	How are riskssshared, managed and mitigated?	How are economic costs and benefits shared?

Source: GIZ (2012): Growing Business with Smallholders

Impressions from the workshop

