



## AGRF 2016 – CROSS CUTTING WORKING SESSION REPORT

Day 5 - Friday, September 9

11:00am- 12:30pm

Cross Cutting Working Sessions

Inclusive Value Chains

### SESSION BRIEF

**Context:** Africa will need to feed 2.4 billion people in 34 short years, more than double its current population. This growing market has increased the economic relevance of farming - from a business standpoint. Recognizing that by far the majority of Africa's farmers are small hold farmers, increasingly there are efforts to support the organization and development of these farmers into more productive, cost effective and effective producer groups. Corporate beverage, and processed food, producers have emerged as key catalysts in this evolution through their efforts in establishing supplier development initiatives and by serving as wholesale off-takers for farmer groups. More such purchasing catalysts are needed, and more organized supplier groups are also needed. For Africa's producers, the new channels provide better opportunities to forward link into more lucrative supply chains. However, these prospects are intimately linked with the capabilities of smallholder farmers to meet the greater competitive requirements of the new value chains. How can this process be accelerated and strengthened?

**Session objectives:** The purpose of this session was to share experiences and best practices on inclusive supplier development.

#### Key Issues/ Questions:

- What are the key drivers of supplier development initiatives that engage smallholder farmers?
- How can small hold farmers and SMEs improve their potential of supplying corporate markets/ buyers?
- What type of capacity and support are needed to enable smallholders to deliver quantity, quality and an acceptable cost?
- What are key initiatives/ models that have been undertaken that have been successful in facilitating supplier development for small hold farmers?
- What role can the private sector play in helping to create new markets for small hold farmers?

#### Outcome Desired:

- Share key lessons learned from selected programs that are on-going across Africa and aimed facilitating access to domestic/ corporate markets for small hold farmers?
- Encourage more corporate private sector stakeholders to establish supplier development programs?
- Encourage farmer groups to organize themselves and work to develop increased capacity to supply corporate buyers.

**Organizer(s):** AGRF Secretariat



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Name	Picture	Discussion
<p>Mr. Nana Osei-Bonsu, CEO, Ghana Private Enterprise Foundation</p> <p>Role: Moderator</p>		<p>Mr. Osei-Bonsu opened this session by sharing information about his organization the Ghana Private Enterprise Foundation (PEF). The mission of PEF is to service the development needs of the private sector through advocacy for efficient allocation of the country's resources, provision of business development support services, and capacity building toward sustainable private sector led national economic development.</p> <p>PEF also acts as a point of contact between agriculture stakeholders and other private sector actors. PEF has facilitated the mobilizing of agricultural organizations into an Apex body. He went on to provide an insight about his own background, in finance, investment, and said he got into agriculture through his earlier career involvement in venture capital.</p> <p>He also spoke about the importance of the private sector in the development of Agriculture. It is when farmers (even at the subsistence level) consider agriculture as a business, that scarce resources will be used efficiently to satisfy the demand of the local and export markets resulting in profits to improve the income levels of farmers.</p> <p>It is when opportunities to make profit are created in the agricultural sector, that private investment will flow to all segments of the value chain such as transportation; warehousing and cold storage; supply of inputs; from equipment and machinery; to seeds and fertilizers; and processing and packaging.</p> <p>The private sector can help expand and improve the service industry in areas like banking and insurance; information and communication technology; and marketing, including exports services</p>



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<p>Mr. Bob Okello, Group Execution Manager – Africa, The Coca-Cola Company</p> <p>Role: Setting the - Scene</p>		<p>In his role to Set the Stage, Mr. Okello introduced the Coca Cola company and cited its interest in sustainable agriculture. With a presence across the whole of Africa (50,000 employees on the continent), the company also has a focus on the entire beverage value chain.</p> <p>In his remarks he noted that it is among the world’s top purchasers of sugar, citrus, tea and coffee. Thus, the sustainability of their business depends on the health of their agricultural supply chain. Additionally, agricultural practices impact water quality, soil and the livelihoods in the communities where we operate.</p> <p>He shared the many brands that Coca-Cola represents, and emphasized that they also are significantly involved in producing fruit juice. He said for their juice business they endeavor to source locally.</p> <p>He added that while Coca-Cola does not have direct control over agricultural practices, they have an opportunity to positively develop and encourage more sustainable practices throughout their global supply chain – and, continued, that sourcing locally and sustainably is a key aspect of their business plan.</p> <p>He spoke about a project in which Coca-Cola is working with Technoserve and Bill the Bill and Melinda Gates Foundation to enable over 50,000 small fruit farmers in Uganda and Kenya to increase their productivity and double their incomes.</p> <p>This four-year, \$11.5 million partnership will enable mango and passion fruit farmers to participate in the company’s supply chain for the first time. With a \$7.5 million grant provided by the Bill and Melinda Gates Foundation to TechnoServe, \$3 million provided by The Coca-Cola Company, and \$1 million by bottling partner Coca-Cola Sabco, the project aims to create new market opportunities for local farmers whose fruit will be used for Coca-Cola’s locally-produced and sold fruit juices. As the implementing partner, TechnoServe will train participating farmers in how to improve quality, increase production, get organized into farmer groups, and will also facilitate access to credit. In closing, he stressed that there must be a commercial perspective when revitalizing Africa’s agricultural sector and a focus on inclusive growth and community. development</p>
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<p>Mr. Omondi Kasidhi, Head Sustainable Agriculture Sourcing, Diageo</p> <p>Role: Keynote Speaker</p>		<p>Mr. Kashidi opened his remarks by introducing himself and stating that he was the head of sustainable agriculture sourcing for Diageo globally. In his role, he is responsible for working with Diageo markets, especially in Africa and Jamaica, to develop sustainable local supply chains for high quality ingredients. A particular focus of his role is supporting delivery on the Diageo public target of 80% local sourcing of cereals across Africa by 2020, and working with public and private partners across value chains.</p> <p>From his experience he stated that he wanted to point out some of the challenges that existing and potential suppliers face, including water scarcity, unsustainable farming practices, and climate change. He said despite these challenges, progress is being made, and said that their credit repayment from farmers they provide credit to is at 99%.</p> <p>He went on to say there has to be structural changes for the development of agribusiness in Africa. There must also be different approaches for different value chains.</p> <p>He also spoke about Diageo’s belief in partnerships and gave example to their operations in Kenya. In Kenya, they have long worked with commercial barley farmers who supply grain to our malting facility. Their partnerships with these farmers aim to improve yields and develop scalable business models, linking larger farmers with smallholder communities.</p> <p>Diageo is also working with financial services companies to provide farmers with credit facilities and basic insurance against loss of income due to drought.</p> <p>He ended by saying that farmers in Africa can and are reliable and that when one looks at agriculture in Africa, they should look at the whole value chain.</p>
<p><b>Panelists</b></p>		



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<p>Ms. Sandi Roberts, Head, Smallholder Development Unit, AgDevCo</p>		<p>Ms. Roberts was the first of the panelists to speak and she began by providing insight to her role at AgDevCo, a leading impact investor in Africa.</p> <p>She explained that she leads the work of the Smallholder Development Unit. She is an Agricultural specialist with project management experience in large scale, commercial agriculture and donor funded smallholder initiatives. Her strong private sector and smallholder development experience spans 20 years throughout East and Southern Africa. She began her career at the Zimbabwe Fertilizer Company and worked within the agriculture industry in Zimbabwe with extensive travel into the region. Prior to joining AgDevCo, she managed a highly successful USAID funded program.</p> <p>She admitted that she was once skeptical about small holder farmers capacity, but now is convinced that with the right support small holder farmers can do well.</p> <p>She stated though that "boosting farmer productivity is not enough. Farmers need long-term relationships with trusted buyers who pay fair prices. The SDU can help farmers who need reliable markets and local agribusinesses who need quality raw materials."</p> <p>She stated that development funds can help with capacity building.</p>
<p>Dr. Vimal Shah, Founder Director, BIDCO</p>		<p>Dr. Shah opened his comments in this session by speaking about his experience in his company BIDCO. He stated that BIDCO markets and distributes the largest and widest range of product categories in the East and Central African regions including: Edible Oils, Cooking Fats, Margarine, Baking Products, Hygiene Products, Detergents and Laundry Bars.</p> <p>He also said that they have state-of-the-art factories using the latest machinery and equipment and well-trained personnel.</p> <p>BIDCO employ about 6,000 people across East Africa which will go up by another 1,000 soon.</p>



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		<p>In terms of operations, BIDCO operates across the full value chain, from agribusiness (where they have plantations) to processing, finishing, and, of course, packaging of products.</p> <p>Mr. Shah stressed the importance of irrigated agriculture as opposed to rainfed-agriculture, he said that if we can adopt this across Africa, it would be possible to have a better supply.</p> <p>He said there is a growing demand for their produce, and he does not see a decline, but the supply must meet the demand, and that is where the challenge is.</p>
<p>Mr. Enock Chikava, Deputy Director, Bill &amp; Melinda Gates Foundation</p>		<p>Mr. Chikava of the Bill and Melinda Gates Foundation began his presentation by expressing his belief that small holders in Africa needed to scale up their operations.</p> <p>He further explained that scaling up successful projects and developing pro-small holder expansion policies are an effective means of generating growth and reducing poverty in rural areas – but he noted that this would only be successful in countries with strong policy environments, good governance, and where government is committed to the programs.</p> <p>He went on to say that smallholder farmers can progress by creating linkages with larger agribusiness enterprises that are willing to support them and buy their produce.</p> <p>He also introduced the concept of PPPP – Public Private Philanthropic Partnership.</p>
<p>Ms. Rebecca Amukhoye, CEO, Self Help Africa</p>		<p>Ms. Amukhoye of Self Help Africa was the next speaker of the session. She began by providing information about herself and her organization. Self Help Africa is an international charity that promotes and implements long-term rural development projects in Africa.</p> <p>The organization works with rural communities in ten African countries – helping farm families to grow more and earn more from their produce. Self-Help Africa provides training and technical support to assist households to produce more food,</p>



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		<p>diversify their crops and incomes, and access markets for their surplus produce.</p> <p>She described Self Help Africa as ‘facilitators’ and went on to say that the non-profit sector, too, has a crucial role to play in furthering Africa’s agriculture transformation process. They can support rural young people to achieve their full potential by training them to grow improved and sustainable crops. But that’s not enough. By also linking young farmers to markets, they can help them transform their farming activities into profitable businesses, improving their livelihoods on the long-term.</p> <p>She provided insight to a project they were developing in Kenya around Cassava, the Cassava Value Chain Project, funded by the Walmart Foundation. The overall objective of the project is to enable 12,000 farmers (including 6,500 women) in Western Kenya, organized in four farmer-owned cooperatives, to increase cassava production and incomes through meeting current and emerging demand for high-quality cassava products.</p> <p>In closing, she mentioned the need for good agricultural practices to preserve the life of perishable goods.</p>
<p>Dr. Florence Wambugu, CEO, Africa Harvest Biotech Foundation International</p>		<p>Dr. Wambugu was the final speaker of this session and she began her comments by introducing herself and her institution to the delegates.</p> <p>Africa Harvest applies innovative technologies and institutional approaches to improve the livelihoods of rural communities – particularly those of smallholder farmers – through science and technology-based sustainable models of gender-focused agricultural development.</p> <p>Dr. Wambugu added that the path to commercialization has many challenges. She went on to say that the global development community plays a key role in strengthening market systems, educating farmers about good practices and</p>



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		<p>technologies that will benefit them, and making sure there are adequate safety nets and support systems.</p> <p>She stated that African scientists must interact with farmers to understand what kind of innovations Africa needs. According to her, Africa may be doing well with a growth path of six per cent but failure to win the youth into agriculture will not help Africa fight poverty and climate change.</p> <p>She went on to say that researchers must break the silos and work through value chains so as to attract the youth into agriculture. She spoke about GMO's and said GMO bans block African farmers from the technological advances available in the developed world.</p> <p>She elaborated by stating that agricultural innovations are essential for transforming and revolutionizing agriculture in Kenya and Africa as a whole. Biotechnology, and more specifically the genetic engineering technology, is one of the many tools available to help achieve this transformation.</p>
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### Summary

Environmentally sustainable value chains have a significant impact on food systems by enhancing economic sustainability by creating added value (higher incomes), social sustainability by facilitating more equitable distribution among stakeholders, and by reducing the carbon footprint of actors throughout the value chain. The key discussion points of this session included:

- Working with NGO's can help achieve results in developing inclusive value chains;
- Research and innovation are key for small holder farmer development;
- Finance is available, but more is needed to scale up operations and link them with value chains,
- Philanthropic finance can assist significantly in terms of furthering Africa's sustainability goals