Global Dialogue Series
Ending Rural Poverty

October 6, 2016  9.00 – 10.30 am (EST)
Technical Instructions

**Technical Difficulties:** If you have technical issues, please let us know by typing a message in the Questions pane (A). You can raise your hand (B) if we do not respond.

**Q&A:** We will be taking questions on content at the end, but you can send them to us throughout the webinar by using the Questions pane (A). Please specify to whom the question should be directed.
Welcome and Introduction

Ms. Adrienne Gardaz Cuendet
Senior Manager, Food and Agriculture
UN Global Compact
Agenda 2030: Business for a world without Hunger
Elements of Zero Hunger Challenge

- Sustainable Food Systems
- End to Rural Poverty
- Eliminate Loss or Waste of Food
- Access Adequate Food
- End to Malnutrition

Business

- Dialogues
- Briefs
- ZHC Commitment
Ending Rural Poverty: Goals to Action

Income Productivity
Livelihoods
Markets
Finance
Technology
Poverty Footprint:  
People-centered approach to assessing business impacts on sustainable development

Outputs from a Poverty Footprint:

Impact Assessment
Recommendations & Commitments
Public Report
Relationships

Poverty Footprint Framework

Corporate Impacts
✓ Macro-Economy
✓ Value Chain
✓ Local Environmental Practices
✓ Products & Marketing
✓ Institutions & Policy

Poverty Dimensions
✓ Livelihoods
✓ Diversity & Gender Equality
✓ Security & Stability
✓ Health & Well-being
✓ Empowerment

“This is the People’s Agenda, a plan of action for ending poverty in all its dimensions, irreversibly, everywhere, and leaving no one behind.”

UN Secretary-General
Ban Ki-Moon
Mr. Sangram Singh Rane,
Policy Analyst, Office of the Special Representative of the Secretary-General for Food Security & Nutrition,
Executive Office of the Secretary General
The Zero Hunger Challenge

• Launched in June 2012 by UN Secretary-General Ban Ki-moon.
• By end of 2015: +160 national political commitments, 45 countries taking action, 23 UN agencies, 50 civil society & business, thousands online
• UN Sustainable Development Goal (SDG) 2: “End hunger, achieve food security and improved nutrition, and promote sustainable agriculture” – “Zero Hunger”
• Reoriented in the context of the Sustainable Development Agenda:

Learn more: www.zerohungerchallenge.org
Pathways to Zero Hunger

Three pillars: Advocacy, Action & Accountability

Human Rights-Based, Country Led, Gender Sensitive and Partnership Driven

Pathways to impact:

- Leaving No One Behind
- Human Rights
- Coherent policies and coordinated action at national, regional and global level
- Inclusive multi-stakeholder stewardship, at all levels
- Transformational implementation

- Investment in sustainable production and consumption, including sustainable food and nutrition systems
- Women as mothers, farmers and entrepreneurs
- Reshaping agriculture and food systems in the face of climate change

Principles:

Universality, Inclusiveness, Transparency, Integrity, Accountability, Sustainability,
Pathways to Zero Hunger

Pathways for Engagement:

<table>
<thead>
<tr>
<th><strong>Supporters</strong></th>
<th><strong>Participants</strong></th>
<th><strong>Champions</strong></th>
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</thead>
<tbody>
<tr>
<td>Any individual person, company or organisation can become a Supporter of the ZHC by joining the Global Movement for Zero Hunger, pledging to advocate and work to make a difference in their own daily life.</td>
<td>Governments, organisations, businesses, multi-stakeholder partnerships and platforms can become a Participant in the ZHC by making a commitment to take action that will have a demonstrable, quantifiable impact.</td>
<td>Zero Hunger Champions are those forward-looking entities which have not only committed to work towards the achievement of Zero Hunger, but they commit to undertake comprehensive measures for transforming their core business models and strategies, aligning with the SDGs, changing the way they work in a new understanding of “business as usual”.</td>
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Guiding documents for making commitments:

The Universal Declaration of Human Rights; Voluntary Guidelines to support the progressive realization of the right to adequate food in the context of national food security; ILO Declaration on Fundamental Principles and Rights of Work; Global Strategic Framework for Food Security and Nutrition; Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security; Principles for Responsible Investment in Agriculture and Food Systems; Framework for Action for Food Security and Nutrition in Protracted Crises; Women’s Empowerment Principles: Equality Means Business; UN Guiding Principles on Business and Human Rights; UN Global Compact 10 Principles; Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration); Code of Ethics and Conduct for NGOs
AN END TO RURAL POVERTY:
DOUBLE SMALL-SCALE PRODUCER INCOMES AND PRODUCTIVITY
Inclusive Rural Transformation

Ms. Nicole Carta,
Senior Partnership Officer
Private Sector and Foundations Unit, IFAD
The World’s Poor:

- Rural (80% of global poor)
- Young (44% are 14 yrs or younger)
- Poorly educated (39% no formal edu)
- Mostly employed in agriculture (64%)
- Larger households/ more children

- [WB Poverty and Shared Prosperity Report / $1.90 a day]
Persistent challenges – but also opportunities ...
• Higher demand for SH crops / global supply chains & new markets
• New avenues to finance, but not enough
• Greater need for investment, global momentum
• Known persistent gaps for SH: access to finance, inputs, technology, knowledge and markets –
• Lack of bargaining power, environmental degradation increase pressure
• Food insecurity
The Case for Rural Transformation

Rising productivity + increased surpluses + new off-farm employment + access to services and infrastructure + policy influence =

rural transformation
International Fund for Agricultural Development - IFAD

- UN Specialized Agency and IFI
- Concessional financing & TA to governments
- Investments from $200,000 grants to $70 million loans
- 231 projects, valued at $13.8 billion in 98 countries
- 50% of new commitments in Sub-Saharan Africa; 75% include a value chain focus
- Traditionally target the poorest rural populations
- IFAD finances government-led programs, supports community-design and management by rural and farmer organizations
Results in 2015:

- 114 million people reached by IFAD-supported projects; 49% women
- 2.5 million trained in crop production and technologies; 51% women
- 2.3 million ha of common-property-resource land under improved management
- 17,000 km of roads constructed or repaired
- 23,000 marketing groups formed or strengthened
- 1.01 million people trained in business and entrepreneurship
Approaches

• Leverage public sector financing to increase PS investment
• Partnership
• 4P
• De-risking mechanisms
Business Perspective

Ms. Suzanne van Tilburg,
Senior Strategy Manager, Rabobank
Rabobank: global food- and agribank

United States: 154 offices, they serve 30,000 leading farmers

Chili: 12 offices that serve 1000 leading farms

Brasil: 17 offices that serve 1000 farmers

The NL: 113 local banks and a market share of 85%; we serve 60,000 farmers and growers

Rabobank Foundation: active in 24 emerging and development countries

Rabo Development: 23 emerging and development countries

Oceania: 95 offices, that serve 15,000 leading farmers

The NL: 113 local banks and a market share of 85%; we serve 60,000 farmers and growers

I

Global presence:
### BANKING FOR FOOD strategy meets 4 Global Challenges: Food Security

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Economical</th>
<th>Societal</th>
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<tbody>
<tr>
<td><strong>Building blocks</strong></td>
<td><strong>Increase the availability of Food</strong></td>
<td><strong>Stimulate balanced nutrition</strong></td>
</tr>
<tr>
<td><strong>Contribution Rabobank</strong></td>
<td><strong>Access to finance</strong></td>
<td><strong>Access to knowledge</strong></td>
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**Because...**

Together x Sustainable = Stronger
Africa combines the greatest need with the greatest potential

The African population is expected to grow from 1 to 4 billion between now and 2100. This growth is combined with an increasing young and educated population boosting consumer spending.

In terms of the World Food Security issue, Africa combined the greatest need (increase of food demand of 40-50%) with the greatest potential (vast area of land and low productivity levels).

Still, of the 2 billion unbanked adults in the world 326 million live in SSA. The SSA banking sector is highly profitable with improving NPLs, yet, recent returns have been under stress.

Africa is the second fastest growing region in the world in GDP, MOBILE = KING in SSA 12% of the adult have a mobile money account against only 2% worldwide.

50-60% of SME’s in emerging markets are underserved, while they contribute significantly to a country’s employment and GDP. The strong economic growth might face some headwinds because of:

- Pressured commodity prices
- Weakening of local currencies towards the USD
- Reduced demand (from China) for African exports

The financial sector in SSA shows steady growth.

The African population is expected to grow from 1 to 4 billion between now and 2100.
Arise...

**European lenders join forces to target Africa**

ELAINE MOORE  

These European lenders have pooled their resources to launch an African bond to create a $660m investment company that will be called ACRA.

Investments in African bonds, for instance, in Namibia, have been combined by Rabobank, a Norwegian development bank, and FMO, a private development bank based in the Netherlands. The countries include Kenya, Tanzania and Zambia.

From January 2017, Arise plans to allocate capital to investors in banks that serve retail and small and medium-sized business clients in eastern and southern Africa.

Africa’s banking sector is undergoing a financial revolution, driven by mobile payment systems and, with the growing confidence in financial services, a new wave of African business is taking place in the region.

However, a headwinds for the continent and its recovery in the African continent from the 2016 election in 2016 and the impact it has had on the region since.

The continent”s attractiveness to private and institutional investors has improved as governments in some countries have increased their focus on economic growth and development.

1996: the first time a $660m Investment company was launched

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**Rabo en FMO bundelen krachten in Afrika**

**Jeroen Groot, Rabobank**

Rabo Development, de ondernemingsbank van Rabobank, heeft samen met de Nederlandse FMO en het Nederlandse FMO een investeringsfonds gestart in Afrika. De banken hebben $660m geïnvesteerd om de ontwikkelingsbanken in Afrika te steunen.

De ontwikkelingsbanken kunnen met dit fonds een positie opzetten in de Afrikaanse markt en investeren in de ontwikkeling van de lokale economie. De investeringen kunnen onder andere geschieden in de infrastructuren, waarin de lokale banken een belangrijke rol kunnen spelen.

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**Rabobank investeert met FMO en Norfund in Afrika**

**Rabobank, FMO en Norfund**

Rabobank, de Nederlandse ontwikkelingsbank, en de Nederlandse FMO hebben samen een fonds opgericht om investeringen in Afrika te doen. Dit fonds is genaamd ACRA (Arise Capital and Resources Africa)

De banken hebben $660m geïnvesteerd om de ontwikkelingsbanken in Afrika te steunen. Dit fonds kan gebruikt worden om investeringen te doen in de infrastructuren, waarin de lokale banken een belangrijke rol kunnen spelen.

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**OTWIKKELINGSBANKEN**

**Ontwikkelingsbanken**

Nieuwe investeringsbanken werken samen met de ontwikkelingsbanken in Afrika om investeringen te doen in de infrastructuren en de economie. De ontwikkelingsbanken kunnen met dit fonds een positie opzetten in de Afrikaanse markt en investeren in de ontwikkeling van de lokale economie. De investeringen kunnen onder andere geschieden in de infrastructuren, waarin de lokale banken een belangrijke rol kunnen spelen.
Contribute to the economic growth in Sub-Saharan Africa and the prosperity of its people by increasing financial inclusion and employment, strengthening rural development and alleviating poverty.

By building strong Financial Service Providers (FSPs), that are operationally sustainable, ARISE wants to have a positive impact in Africa and at the same time achieve long term market returns.

In the market, ARISE wants to earn the recognition of being the leading and most trusted development and investment partner for independent FSPs in SSA, evidenced by the fact that Arise in the longer term succeeds in attracting a broader investor base.
An increased network for increased impact
Thank you

To end with an African saying: “If you want to go fast, go alone. If you want to go far, go together”.
Ending rural poverty: how to double small producer income and productivity?

Andrea Biswas Tortajada
Public Affairs

October 6, 2016
Nestlé around the world

Where we are

436 factories in 85 countries

+1 billion products sold every day

Tier One Suppliers

161,000 suppliers

3.5 m Purchases per year

In over 100 countries

Beyond Tier One

760,000 farmers working directly with Nestlé

7.2 m t

148,198 t

62,299 t

5.7 m farmers supply us indirectly
Our supply chain: greatest opportunity to support efforts to improve nutrition security, make agriculture more sustainable and foster rural development

**Where we are**
- 436 factories in 85 countries
- +1 billion products sold per day

**Tier One Suppliers**
- 161,000 suppliers
- 3.5 m purchases per year
- In over 100 countries

**Beyond Tier One**
- 760,000 farmers working directly with Nestle
- 7.2 m t
- 148,198 t
- 62,299 t
- 5 farmers supply us indirectly

Our supply chain is the greatest opportunity to support efforts to improve nutrition security, make agriculture more sustainable and foster rural development.
Nestlé’s Rural Development Objectives

**Farmers**
- Farmers are business orientated and farming by choice

**Farm workers**
- Rural based employment is attractive for workers

**Communities**
- Communities are attractive places to live, work and invest in

1. Farm Economics
2. Farmer Knowledge & Skills
3. Labour Standards
4. Women’s Empowerment
5. Clean Water & Sanitation
6. Nutrition
7. Property Rights
8. Natural Resource Stewardship
Nestlé’s Rural Development Framework

Creating Shared Value
- Business Need - ensure long term supply
- Social Need - specific to farmers/community

Diagnostic Tool
- assess farm economics and livelihood topics
- define field activities based upon identified gaps

Consistent approach & ambition across Nestlé
- global priorities, local flexibility
- baseline to measure & communicate progress on Rural Development
- deliver a credible approach for consumers and stakeholders
PHILIPPINES

**FAMILY**
- Average household: 5.8 people
- 73% of farmers grow coffee
- 54 kg/ha average yield

**COFFEE**
- Average income in 2013 per household: 65,510 PHP = 1,384 CHF
- Average income from coffee in 2013: 47,162 PHP = 996 CHF
- 391.9 kg average amount of coffee produced in 2013

**FARM ASSETS**
- 83% farmers with official land titles
- 1.0 - 3.0 hectares average total land holding per producer
- For 34% of farmers, the nearest road to a village market is a dirt road

**NUTRITION and SANITATION**
- 54% of farmers are food insecure for at least 2 - 3 months
- 77% of owners experience food shortage in the year
- 3% farmers are illiterate
- 8.9 yrs of schooling

**OTHERS CROPS**
- 75% of farmers intercrop
- 42% corn
- 26% banana
- 26% coconut
- 12% rubber

**LIVESTOCK**
- 79% of owners raise livestock and poultry for:
- 35% celebrations
- 49% savings
- 38% 68%
- 20% daily consumption
- 29%

Findings from RDP baselines in 2015 | Communities where Nestlé has a Farmer Connect sourcing programme
CÔTE D’IVOIRE
COFFEE/COCOA

FAMILY

7 people
Average household

4% Farm owners
96% Non-farm owners

4.2 yrs of schooling

45% farmers are illiterate

COFFEE

91% of farmers grow coffee

350kg/ha
Average yield

COCOA

98% of farmers grow cocoa

300-450kg/ha
Average yield

FARM ASSETS

5 hectares
Average total land holding per producer

Nutrition and Sanitation

30% of farmers are food insecure for at least 3 months

43% of owners experience food shortage in the year

Water collection takes more than 30 min in 55% of the communities

NUTRITION and SANITATION

Av. income 2013 per household Coffee
400,000 CFA = 745 CHF
Av. income 2013 per household Cocoa
1050,000 CFA = 1955 CHF
Av. total income 2013 per household
2376,000 CFA = 4420 CHF

Other Crops

20% cashew
4% rubber

LIVESTOCK

100% of owners raise livestock and poultry

58% farmers with official land titles

For 64% of farmers the nearest road to a village market is a dirt road

40% cattle
16% goats
80% chickens

Findings from RDP baselines in 2013 | Communities where Nestlé has a Farmer Connect sourcing programme
Building Development Ecosystems
Work with chilli growers, Malaysia

1995 – Nestle Chilli Club (NCC) provides TA

Best agricultural practices:
- Improve and grow quality chillies
- Raise quality standards
- Exposure to sustainability and environmental issues

Supporting infrastructure:
- Transportation
- Cooling facilities

Results:
- Indirect employment generation
- Farmers’ income increases of up to 70%
- Secure market
- Fair market price

Importance for Nestlé:
- Reliable source of quality fresh chillies
- Improved supply chain transparency & traceability

Partnerships:
- Local associations
- Students from SMK Dato’ Ismail, an agricultural club
From Supply Chain to Value Chain

Cargills Agri Value Chain and Partnership model

Mr. Haridas Fernando
Deputy General Manager Agribusiness
Cargills Ceylon PLC
Cargills at a Glance

Leading Retail, FMCG and Restaurant company in Sri Lanka, established in 1844

Cargills Food City holds approximately 45% modern trade market share with supermarkets, convenience stores and a hypermarket

A wide portfolio of leading Food & Beverage brands under the Cargills Umbrella

Operates KFC and TGI Fridays - the leading International QSR franchise in Sri Lanka

Listed on the Colombo Stock Exchange with a Market Cap. of approximately US$ 250Mn

Over 9,000 employees from across the Island and linked with over 25,000 smallholder farmers
Conventional Produce supply chain
# Identifying weaknesses of conventional supply chain

**Farmer**
- Uncertainty on return
- Price drops during the harvesting season
- Reluctance in investing money
- No incentive for quality
- Farmer gets only 30% of the retail price
- Often played out by middlemen
- Clueless on market forecasting

**Industry**
- Uncertainty on supply
- Price increases during off-season
- Reluctance to invest in value addition
- Inconsistent quality having impact on output
- Higher wastage and higher transaction costs
- Unable to carry out demand planning and reliable production cycles
### Private- Public Partnership Model

**Retailer/Processor**
- Manage the facility, purchase fresh and value added produce
- Contribute to farmer welfare/development

**Producer group**
- Direct market for quality produce backed by technical/extension assistance and funds for further development

**Service organization**
- Fund processing facility at village-level and in puts specified by the retailer

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<table>
<thead>
<tr>
<th>Service Organization</th>
<th>Projects</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Vision/USDA Funds</td>
<td>Thanamawila and Norochcholai collection centres</td>
<td>1000 farmers</td>
</tr>
<tr>
<td>IFAD</td>
<td>Ruwalwala and Boralanda collection centres</td>
<td>500 farmers</td>
</tr>
<tr>
<td>USAID/Northern Horticulture Alliance Project</td>
<td>2 collection centres in Northern Sri Lanka</td>
<td>1000 farmers</td>
</tr>
<tr>
<td></td>
<td>1 primary processing centre- Kilinochchi</td>
<td>8 MT per day</td>
</tr>
<tr>
<td>USAID/SOLID Project</td>
<td>Passionfruit out grower projects in Kilinochchi and Anuradhapura</td>
<td>300 farmers</td>
</tr>
<tr>
<td>IFAD/NADEP</td>
<td>Small holder dairy development project</td>
<td>2500 farmers</td>
</tr>
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Zero cost transmission of donor funds to recipients
Matching the mismatch through appropriate resource planning and continuous training and development of people

<table>
<thead>
<tr>
<th>Addressing the mismatch through:</th>
<th>Strategic approach</th>
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<tbody>
<tr>
<td>Farm gate buying</td>
<td>Regional collection centers in collaboration with Govt/NGO projects</td>
</tr>
<tr>
<td>Value Chain development</td>
<td>Minimized post harvest loss from 40 to 6 percent in fresh produce. Eliminating middle-men, improved productivity and profitability for all stakeholders based on value-efficiencies</td>
</tr>
<tr>
<td>Payments</td>
<td>Transparent pricing/up front payments</td>
</tr>
<tr>
<td>Fair pricing</td>
<td>Purchase 50-70% production at a higher than market. Minimum guaranteed price 20% above COP. Market-smart pricing model which is next stage of forward contracts</td>
</tr>
<tr>
<td>Higher returns to farmers</td>
<td>Technical guidance for market oriented cultivation calendar.</td>
</tr>
<tr>
<td>CSR</td>
<td>Financial support to farmer children, scholarships, farmer insurance, and etc.</td>
</tr>
<tr>
<td>TBL</td>
<td>Guidance on good agricultural practices to ensure prudent use of fertilizer and agro chemicals by farmers.</td>
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Challenges in partnering with donor organizations

• Dorner funds are subject to their own conditions irrespective of the actual need of the project (Not project need specific but donor-system specific)

• Duplicates services, such as technology, microfinance, training. (Market most likely has all services which need to be remodeled to meet the challenges of delivering the service, ex: credit worthiness)

• Insists on forward contract, formation of farmer cooperatives

• Projects are service oriented not market oriented

• Higher portion of donor funds can be exhausted for administration and fund transmission

• Alignment of philosophies (Business vision vs Community benefit)
Question and Answer

Discussion
Thank you for joining us today.

Presentation slides will be available on the UNGC website.

If you have any additional questions, please contact:

Ms. Adrienne Gardaz Cuendet:

gardaz@un.org