



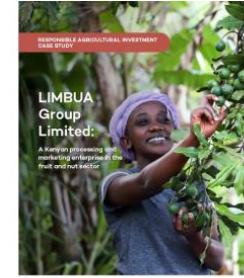
Responsible investments in agriculture and food systems

Responsible Agricultural Investment (RAI) Case Studies Launch

17 September 2024

Agenda

1. SSNUP-IISD Case studies – Objectives
2. Responsible Agricultural Investment (RAI) Tool for Agribusiness – Presentation
3. SSNUP-IISD Case Studies - Results & findings
4. Responsible Agricultural Investment (RAI) Tool - Future developments
5. Interactive discussion





SSNUP-IISD Case Studies Objectives



Caroline Morilhat

Mathilde Bauwin

ADA



SSNUP at a glance

PRIORITY REGION



+ low-income

OTHER ELIGIBLE REGIONS



+ lower-middle income
+ upper-middle income



Smallholder Safety Net Upscaling Programme (SSNUP)



Global Objective

To strengthen sustainably the safety nets of around **10 million smallholder households** (50 million people) through a systemic agricultural value chain development approach.

Specific Objectives

1. Smallholder households will enhance their resilience
2. Agricultural value chains will be strengthened
3. Investments in the agricultural sector will increase

Budget

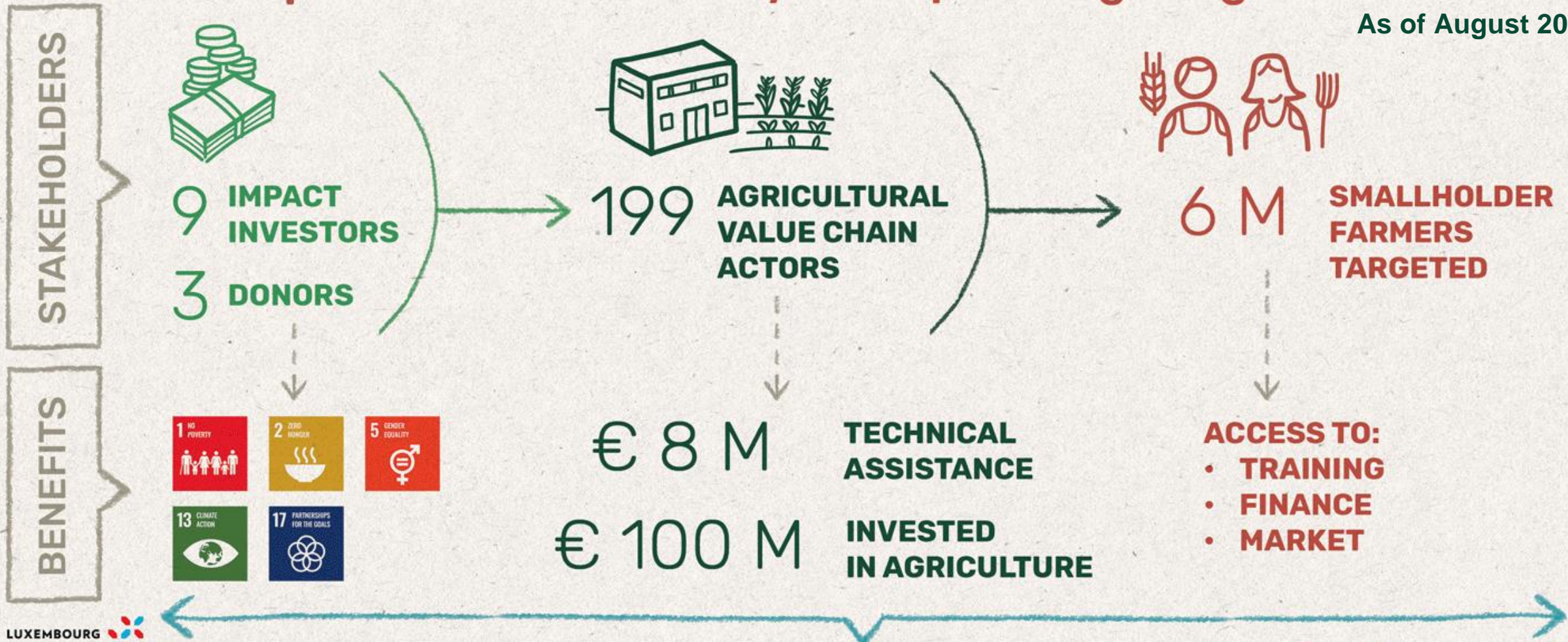
Global budget (10 years): € 55 million

Phase 1: Budget (2020-2024): € 18 million



ssnup Smallholder Safety Net Upscaling Programme

As of August 2024



LUXEMBOURG AID & DEVELOPMENT

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

KNOWLEDGE SHARING

ada IISD CSAF

LED LIECHTENSTEIN DEVELOPMENT SERVICE AgDevCo alterfin BAMBOO CAPITAL PARTNERS FONDATION GRAEMEN CRÉDIT AGRICOLE Incofin OIKO CREDIT responsAbility SIDI symbiotics

RAI case studies - Objectives



Why: to give **concrete** insight into **what « responsible and sustainable practices » means** for agricultural value chain actors (AVCAs), and contribute to foster the adoption of these practices

How: by using the ***Principles for Responsible Investment in Agriculture and Food Systems*** endorsed by the Committee on World Food Security (CFS-RAI Principles) as a reference framework

Who:

- With one investee per investor
- By IISD

When: 2021-2024

RAI case studies - Objectives



Main outputs:

- **Assessment of AVCA's performance and compliance with CFS-RAI principles** → insight into investors' compliance as well
- Identification of the **areas of improvement for AVCAs**, in terms of processes and practices, to ensure better outcomes and impact in the future
- **Recommendations** to investors to support AVCAs in the improvement process
- **Tested and refined RAI Tool** for Agribusiness, for use by Agribusiness, Financial/Impact Investors etc.



**Responsible
Agricultural
Investment (RAI)
Tool for
Agribusiness
Summary**

**Marion Allet
Cerise+SPTF**



CERISE+SPTF

A management tool for agribusinesses



	Who can be assessed
For agribusinesses involved in	Agricultural and food product: <ul style="list-style-type: none">✓ production✓ processing✓ trading
And	<ul style="list-style-type: none">✓ Directly working with smallholder farmers✓ Impacting local communities

A management tool for agribusinesses



Step 1

Assess your performance



Step 2

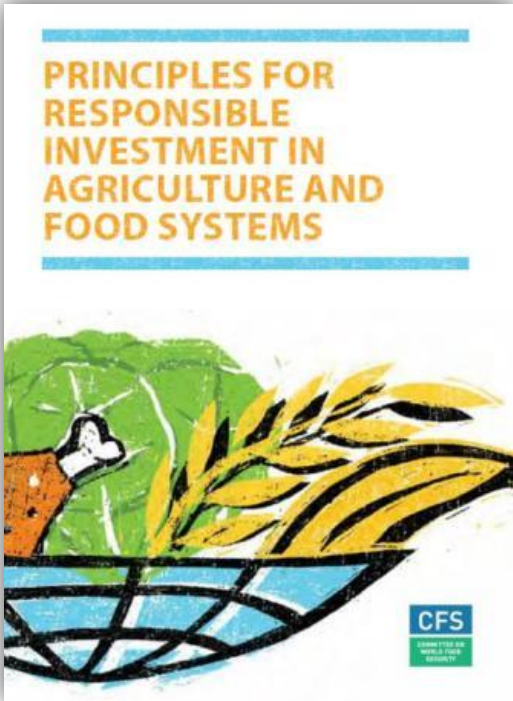
Identify gaps



Step 3

Build an action plan

How the tool was built



Performance Standards

1 Risk Management	2 Labor	3 Resource Efficiency	4 Community
5 Land Resettlement	6 Biodiversity	7 Indigenous People	8 Cultural Heritage



Content of the PRACTICE section



1. Strategy and accountability on responsible agriculture

- Strategy
- E&S risks and impacts

2. Inclusive and transparent structure

- Transparent communication
- Stakeholders' consultation
- Grievances management

3. Safe and responsible agriculture and food systems and operations

- Food security and nutrition
- Food safety

4. Environmentally sustainable processes and products

- E&S risks
- Sustainable practices

5. Responsible treatment of stakeholders

- Tenure rights
- Cultural heritage
- Fair contracting

6. Responsible Human Resource Development

- Safe and equitable work environment
- Qualified and motivated staff
- Supporting responsible business conduct

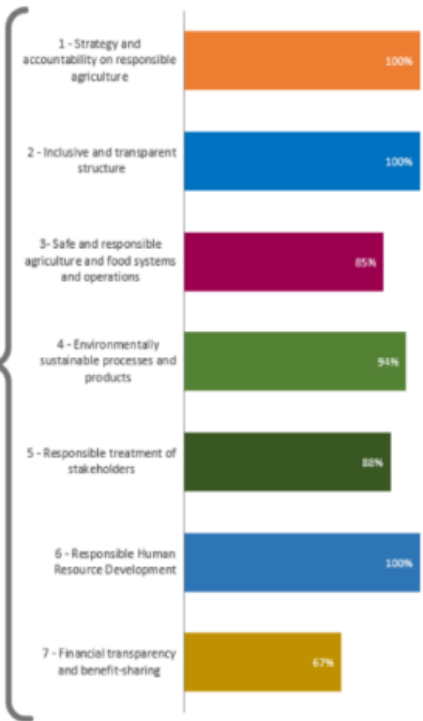
7. Financial transparency and benefit-sharing

- Transparent financial structure
- Use of profits

Dashboards



RAI Score by dimensions



1 - Strategy and accountability on responsible agriculture



2 - Inclusive and transparent structure



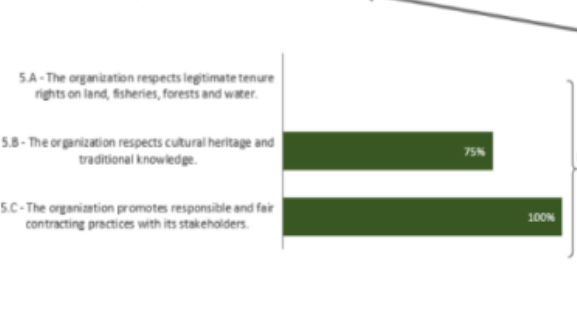
3 - Safe and responsible agriculture and food systems and operations



4 - Environmentally sustainable processes and products



5 - Responsible treatment of stakeholders



6 - Responsible Human Resource Development



7 - Financial transparency and benefit-sharing





SSNUP-IISD Case Studies Results & findings

Hafiz Mirza

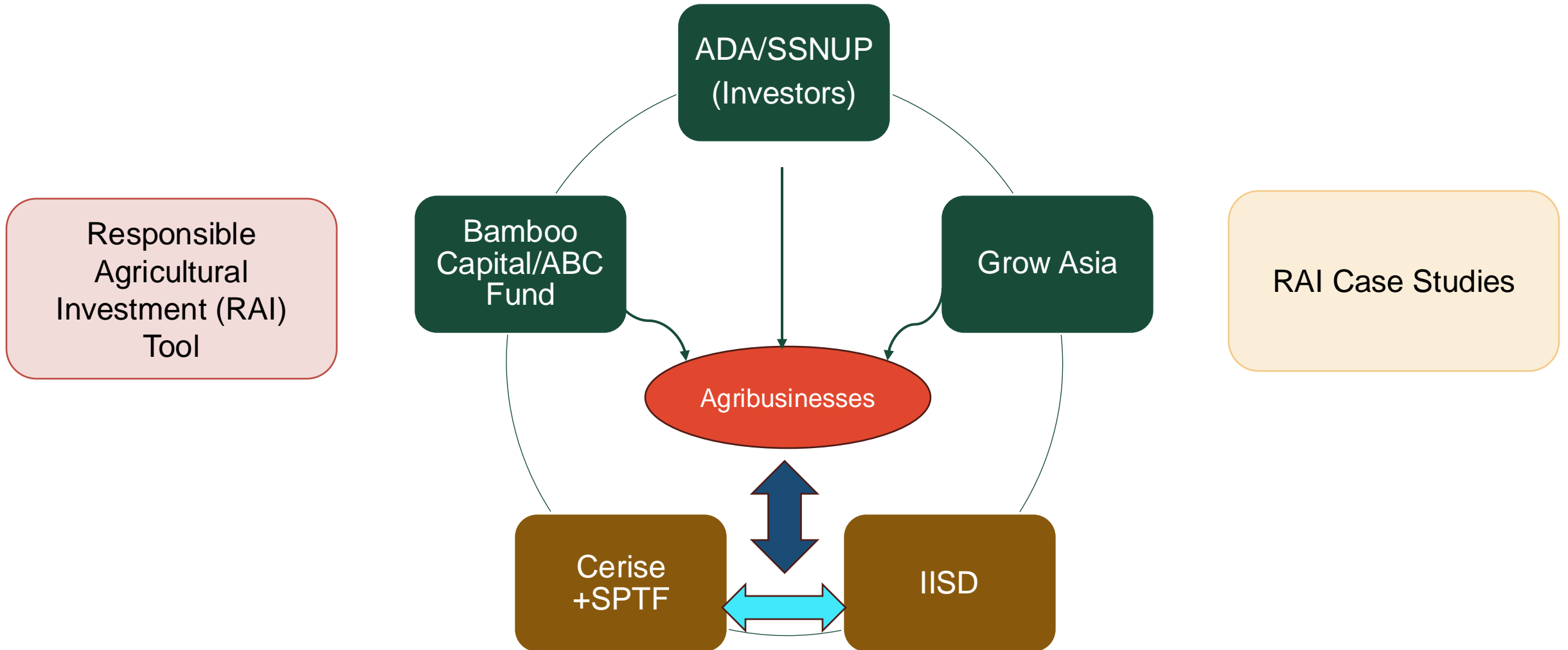
IISD



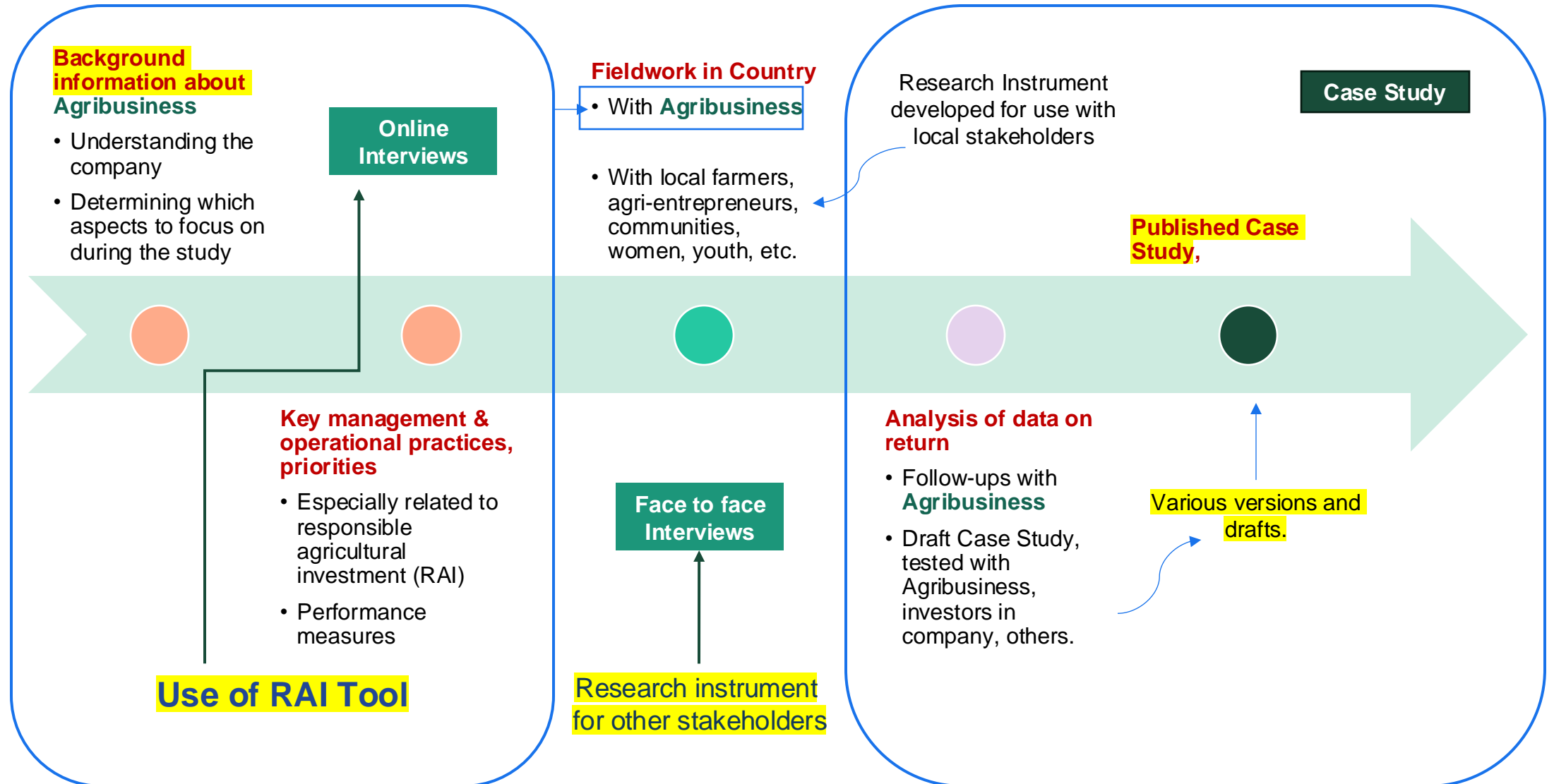
IISD

International Institute for
Sustainable Development

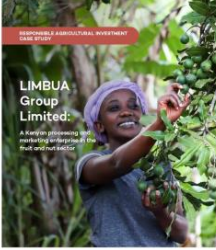


Partners in developing the RAI Tool and producing the Case Studies



Phases in the RAI Tool Piloting and Case Study Process



Description of SSNUP-IISD Case Studies I

	<ul style="list-style-type: none"> • LIMBUA Group Ltd demonstrates a high level of compliance with RAI and offers a learning opportunity for other companies. Its operations and processes are relatively honed to ensure responsible and sustainable business conduct at all levels. • This is due to a conscious choices from the outset to set very clear goals and expectations, develop an innovative, responsible investment focused, business model, and work with stakeholders who could support their aims in the short and long terms.
	<ul style="list-style-type: none"> • SFA has a moderate level of compliance with RAI. It has an inclusive and transparent structure, contributes significantly to the livelihoods of farmers, communities, and local businesses, and in return receives great loyalty from them. • It is recommended that SFA incorporates RAI more formally into its strategy, building on its current approach to sustainable business conduct. • It could be stricter in enforcing health and safety procedures among staff; and, when feasible, it could increase its rice prices to be more in line with other competitors.
	<ul style="list-style-type: none"> • Mahembe exhibits a high level of RAI compliance overall. • Mahembe consciously applies clear objectives to developing its business in a socially responsible way. • It is recommended that Mahembe adopt a more formal approach to recording its policies and procedures. This should include a clearly defined principles-focused approach to business development, such as building on its existing support for the community and young farmers.

Description of SSNUP-IISD Case Studies II



- **The Ghana Case Study** exhibits a moderate level of RAI Compliance overall, but significant action is required in areas in which it is weak.
- The company is a small business in a very competitive environment. It, therefore, tends to focus on operational matters for survival, neglecting strategic matters and dealing with responsible business conduct in an ad hoc way.
- It is therefore imperative that the company adopt a rigorous approach to strategy building and formalization of processes, including those related to RAI, with supporting action from investors and others.



- Overall, **Tropic Coffee** had a moderately high level of RAI compliance.
- The founders focus on empowering women by giving them better market access and prices, which helps increase their income. They also help women form savings groups to further support their financial independence.
- Recommendations include learning more about principles for responsible investment and business conduct so that Tropic Coffee can create a clearer strategy and better accountability processes.

Profile of SSNUP-IISD Case Studies



Key Findings I: Variance

Context Matters

- Age,
- Size
- Motivation
- Industry
- Crop,
- Value Chain Segment
- Business Conditions
- Knowledge of RAI

Each company's approach to RAI varies

SFA's mission is to establish an inclusive value chain in North Senegal

Limbia Group has strategically built responsible investment into its business model.

Mahembe's founder was motivated to establish a farmer and community focused enterprise after the Rwanda Genocide

No company has a perfect score across 7 RAI Tool Dimensions

For **ALL** companies, there is evidence of responsible business conduct in terms of

Formalised, clear practices and procedures are generally the norm in...

Employees

Farmer contracting patterns,

Big variation between companies.

The dimension covering Operational Functions

Processing, Trading etc.

These are the "bread and butter" activities of all enterprises

Key Findings II: Challenges faced by Companies (and farmers)

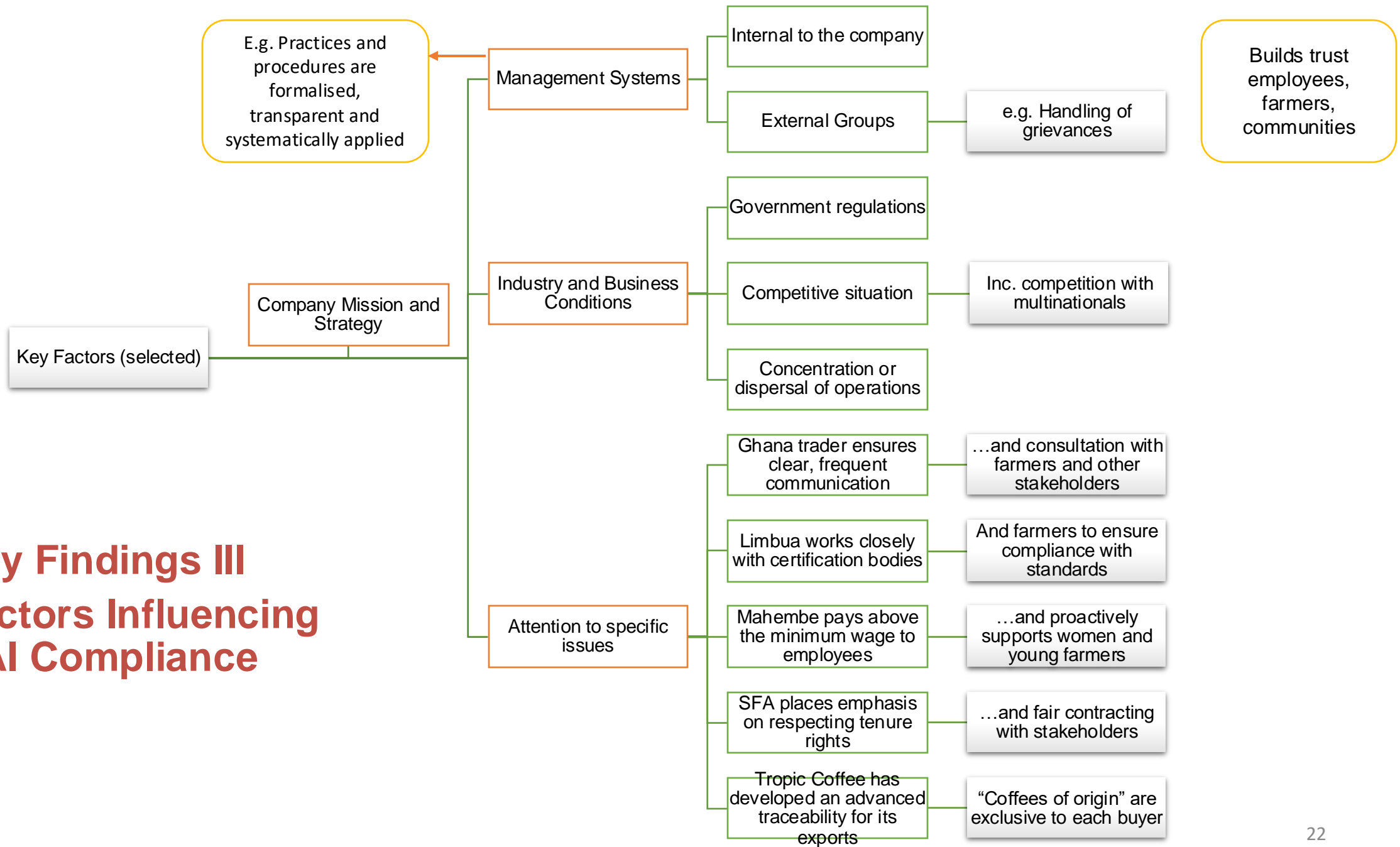
General challenges

- Competitive market conditions
- Difficulty in securing finance
- Less predictable weather (climate change)
- Company specific issues, e.g.
 - **High** demand for product
 - Farmers ignoring advice
 - State Buyer slow to pay

CFS-RAI Related

- Lack of knowledge of RAI
- Insufficient attention to RAI in strategy
- Insufficient use of systematised, formal procedures and practices
- Assuming that complying with the law is sufficient
- Insufficient regard to “external” issues, e.g.,
 - The environment
 - Local cultural heritage

Key Findings III Factors Influencing RAI Compliance



Types of Recommendations

- A plan of action and priorities to be built around evidence, objectives and resource constraints/challenges.
- The evidence meant that recommendations were (generally) detailed and specific to contextual [Examples].

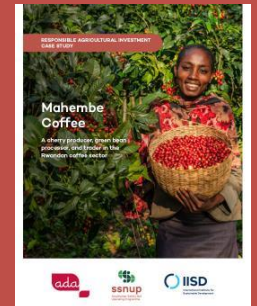
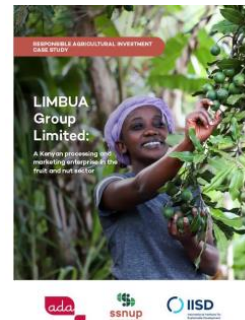
Type of recommendation	Ghana Case Study	Limbua
Recommendations related to challenges faced by the company, farmers and other stakeholders	<p>Narrow role in the value chain (as a result of Govt. Regulation) and competitive environment requires a clear strategy for strengthening relationships along the value chain, including:</p> <ul style="list-style-type: none"> • Digitising transaction processes • Providing technical assistance to increase crop yields • Developing institutional mechanisms for enhanced partnering with farmers. <p>Etc.</p>	<p>Farmers face challenges regarding seasonal cash flows due to the limited range of crops that can be sold to the company, and there is some need for advance funding prior to harvest. Suggestions included:</p> <ul style="list-style-type: none"> • Consideration could be given to involving farmer Savings and Credit Cooperatives (SACCOS) in providing finance to farmers, with farmers having some level of savings with the SACCOS to serve as collateral. • The company's policy of actively looking for opportunities (for farmers) to provide markets for other organic crops such as coffee, cassava flour, and castor oil should continue to be pursued and boosted. The timing of the seasons for such crops should be given due consideration.
Recommendations related to improving CFS-RAI Compliance	<p>Recommendations were made on a dimension-by-dimension basis. For example, on "safe and responsible agriculture and food systems", the company could expand and formalise advisory messaging on compatible and complementary food crops and livestock production systems with cocoa production. Specific actions vis-à-vis the role of its extension offices, sustainability function etc. were advised.</p>	<p>The importance of embracing organic production is not fully exploited because of insufficient educational and training programmes to include farm workers. Thus,</p> <ul style="list-style-type: none"> • Staff indicated they had received a range of training support to equip them for their jobs, refresher and additional training would be of value. • Implementation of a bursary and/or scholarship scheme would help with developing leadership skills in support of the company's growth plans. Such a scheme could be based on in-service repayment for the expense incurred by the company.
Recommendations to Investors, Governments and Others	<p>Vis-à-vis "responsible human resources development", it was suggested that Investors and other stakeholders could support the company's adoption and implementation of formalised HR practices strategy, e.g. by helping in the development of capacity at the company to undertake such actions and reforms.</p>	<p>In Kenya (and other countries), there are many accounts of independent brokers approaching farmers to buy macadamia nuts, taking delivery of product and not paying for it. The government, through the Nut and Oils Crops Directorate, could require all brokers to be registered, to put up a guarantee for the season to claim against, in the event of non-payment of farmers, and publish and communicate to farmers a list of registered brokers.</p>

What's next?



- ✓ Synthesis report will be sent by email
- ✓ Potential for further case studies
- ✓ Full SSNUP-IISD case studies available here:

- ❑ [Ressources | ADA - Appui au développement autonome \(ada-microfinance.org\)](http://ada-microfinance.org)
- ❑ [Evidence on Investing Responsibly in Agribusinesses: A series of case studies | International Institute for Sustainable Development \(iisd.org\)](http://iisd.org)





**Responsible
Agricultural
Investment (RAI)
Tool
Future
developments**



**Marion Allet
Cerise+SPTF**



CERISE+SPTF

Future developments



PHASE 1 – Testing and improving the tool

- Mapping and positioning of the tool
- Additional field testing (with trained auditors, building on Cerise+SPTF SEPM Pros Network)
- Refining of the tool, aligning/merging with the [Agri CP Tool](#)
- Working on a lighter, investor version (“ALINUS”-type)

PHASE 2 – Developing resources

- Translating the tool into French and Spanish
- Developing guidance and resources
- Offering trainings



*Field testing
Working group
Financial support*

Thank you!

Interactive Discussion

[Ressources | ADA - Appui au développement autonome \(ada-microfinance.org\)](#)

[Evidence on Investing Responsibly in Agribusinesses: A series of case studies | International Institute for Sustainable Development \(iisd.org\)](#)

