Transforming markets
CGIAR
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About Lucas Simons

“For markets to become more sustainable, we need to change the rules of the game”

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• Young Global Leader – World Economic Forum
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#marketTransformation
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www.newforesight.com
www.scopeinsight.com
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The potential to become sustainable, profitable and resilient is related to the sector archetype.

There are 5 different sector archetypes, each with their own characteristics.
Then what is driving these shapes so we can change it?

There are 4 macro forces that determine the outcome of the game

- What is the enabling environment?
- What are barriers to enter and success?
- What do markets reward?
- What are alternatives?

Market transformation is ultimately a matter of organizing coordinated change around these 4 forces.
Sustainable market transformation occurs in phases

Each phase has specific characteristics

1. Inception
   - Pilot projects & Innovations
   - Agri finance
   - Climate smart agriculture

2. First movers
   - Competition
   - Floriculture
   - Soy

3. Critical mass
   - Non-competitive collaboration
   - Agroforestry
   - Palm oil

4. Institutionalization
   - Institutional embedding
   - Cocoa
   - Coffee
   - Eggs (Europe)
   - Soy
   - Palm oil
   - Agroforestry
   - Floriculture
   - Soy
   - Coffee
   - Cocoa
   - Eggs (Europe)
Check solutions from the farmer’s business case

The ‘Valley of Death’ is often not taken into account when solutions are presented

Replanting rates that are high enough to offset declining yields of aging plantations cause steep income drops for farmers to bear in initial 3-5 years.

Replanting costs for coffee are very high and cause a similar ‘valley of death’ to cocoa, with a several years long payback period.

The switch from conventional to sustainable cotton production is costly and, for many farmers, may not be a feasible option.
Five important lessons for a successful market transformation agenda

The transformation agenda requires different thinking

‘You can not be successful in a world that fails’ (Feike Sijbesma –CEO DSM)

• You need absorption capacity in the sector for new solutions
• You have to act from a holistic understanding on why the problem persists

‘What brought us here will not get us there’

• Roles, strategies, partnerships and agenda’s change over time.
• This is true for Governments, Research agenda’s, NGOs, and Trade and Industry

‘Working together is a sign of maturity’

• More fragmented projects are never the solution
• There is a time for competition and there is a time for collaboration- knowing when to do what is wisdom

‘Work from the business case’

• Work fact based from an economic model and structure the solution from there
• Brilliant technical solutions do not work in isolation

‘ More research and action is needed delivery and on enabling environment’

• Alternatives for farmers, Smart service delivery models, economic models and financial solutions
• And how to get Governments in the game and hold them accountable
Thank you

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