

The role of intermediary in cross border PPP to stimulate scalable food security solutions

May 10-11, 2018

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Getting to know each other

5 rounds – different participants

Always start telling your name and organisation

1. What have you been working on this week?
2. Why don't you want to be here?
3. What convinced you to come to this workshop?
4. What could you contribute?
5. How would you describe yourself as a person?



Discuss in your group

1. How was the conversation for A?
2. B reveals the assignment and reflects on how it felt to do it.
3. What is the effect of the “yes but” questions?
4. Why do people ask “yes but questions?”
5. What link/parallel do you recognise with your real-life working situation as intermediary?



Typology of innovation intermediaries facilitating inclusive innovation at the North- South interface

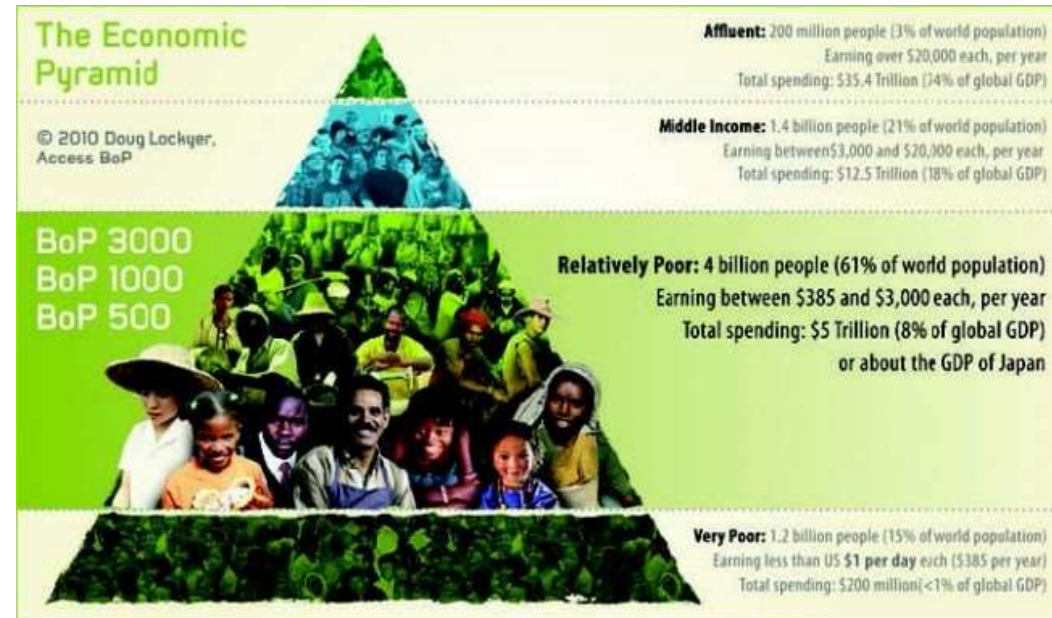
Myrtille Danse, Laurens Klerkx, Kelly Rijswijk



Market dynamics cause models of innovation for development

Foster & Heeks, 2013; George, McGahan, & Prabhu, 2012; Gupta, 2012; Pansera & Sarkar, 2016; Paunov & Rollo, 2016; Prahalad, 2012

- Poor consumers develop as accessible mass market
- Growth of technological capabilities in developing countries
- New technologies such as ICT
- Involvement of private sector in innovation for the poor



Examples of inclusive innovations



Cross border partnerships

- Limited involvement private sector
- Challenge to go beyond piloting phase
- Institutional voids
- High transaction costs

Innovation intermediary facilitate these partnerships

Howells, 2006, p. 720:

“An organization or body that acts as an agent or broker in any aspect of the innovation process between two or more parties”

Inclusive innovation intermediaries

- Facilitating inclusive innovation and inclusive business has become a key objective for several organizations



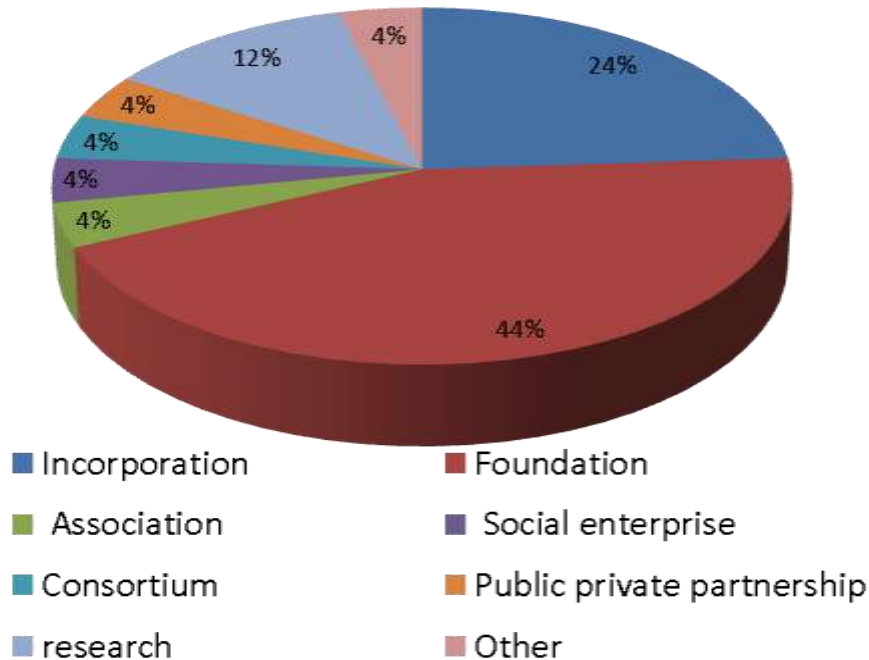
Research aim

To provide an overview of the characteristics of these innovation intermediaries facilitating cross border innovation partnerships, and as such contribute to a better understanding on how they stimulate inclusive innovation and what challenges they encounter doing so.

Data collection strategy

- Desk research: long list of 228 cross border intermediary organisations
- Created a short list of 53 organisations based on 6 criteria:
 - The use of the search terms on the website signified that these concepts are core to the organization and its purpose
 - The home base of the organization is either in Europe or the United States, to allow focus on the North/South relationship of cross border partnerships
 - The organization actively engages with supporting the global North/South relationship
 - The organization is involved in multiple projects related to the search terms used
 - The organization is permanent or has a long term existence (not a project or a program)
 - The organization is a legal entity
- Invitation for online survey and expert interviews to 53 organisations, N: 25 survey and 23 people interviewed

(1) Legal entity? How do you categorize it?



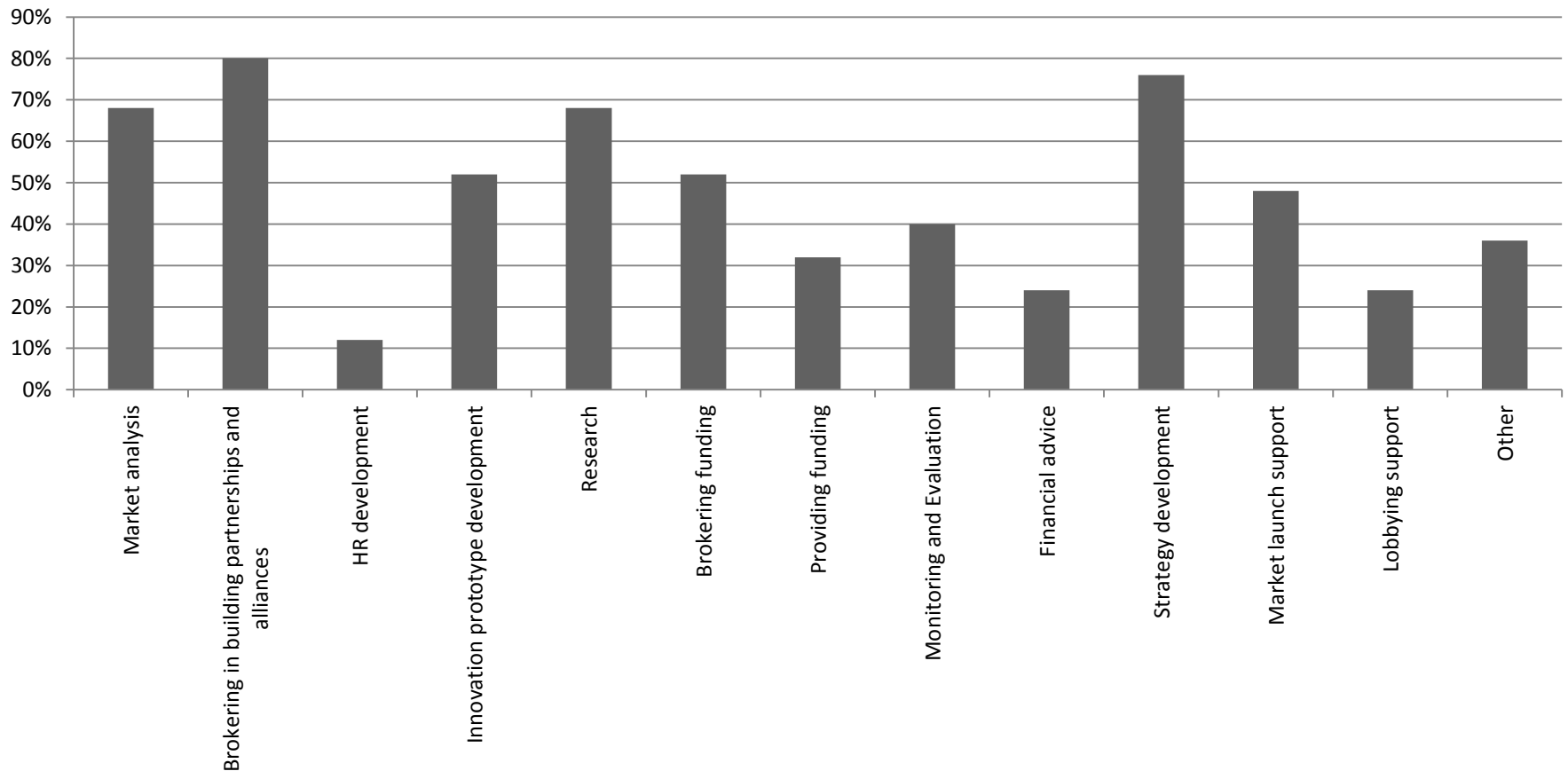
Legal entity

- 44% foundations
 - 24% private entities
 - 12% research institutes
 - 20% other
-
- Categorization is based on legal entity registered
 - Social enterprise is a category but is in practice difficult to find as in many countries this legal entity doesn't exist.



(2) What does the intermediary do that you consider to be intermediation? Why do you think that is intermediation rather than something else (e.g. input/service provision, general facilitation ...)?

Percentage of intermediaries providing specific IB services

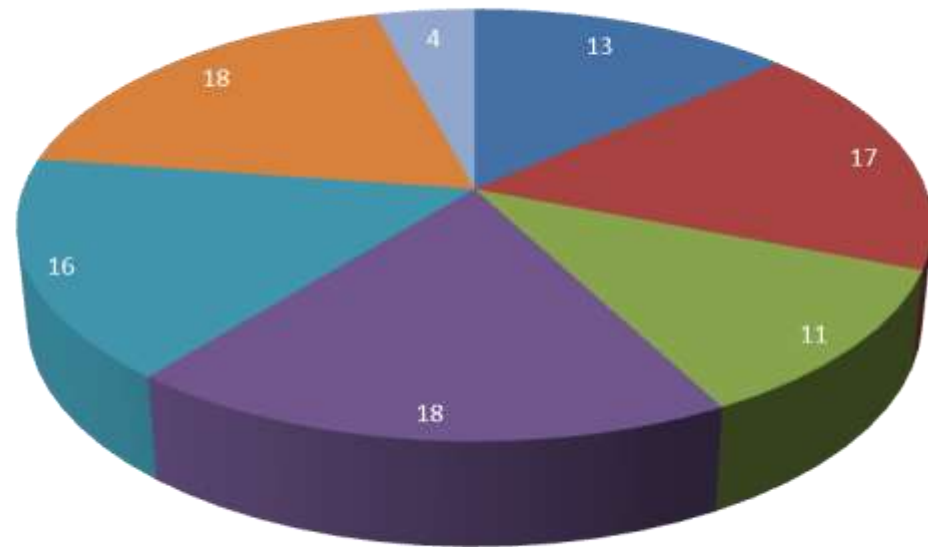


(3) Roles and functions

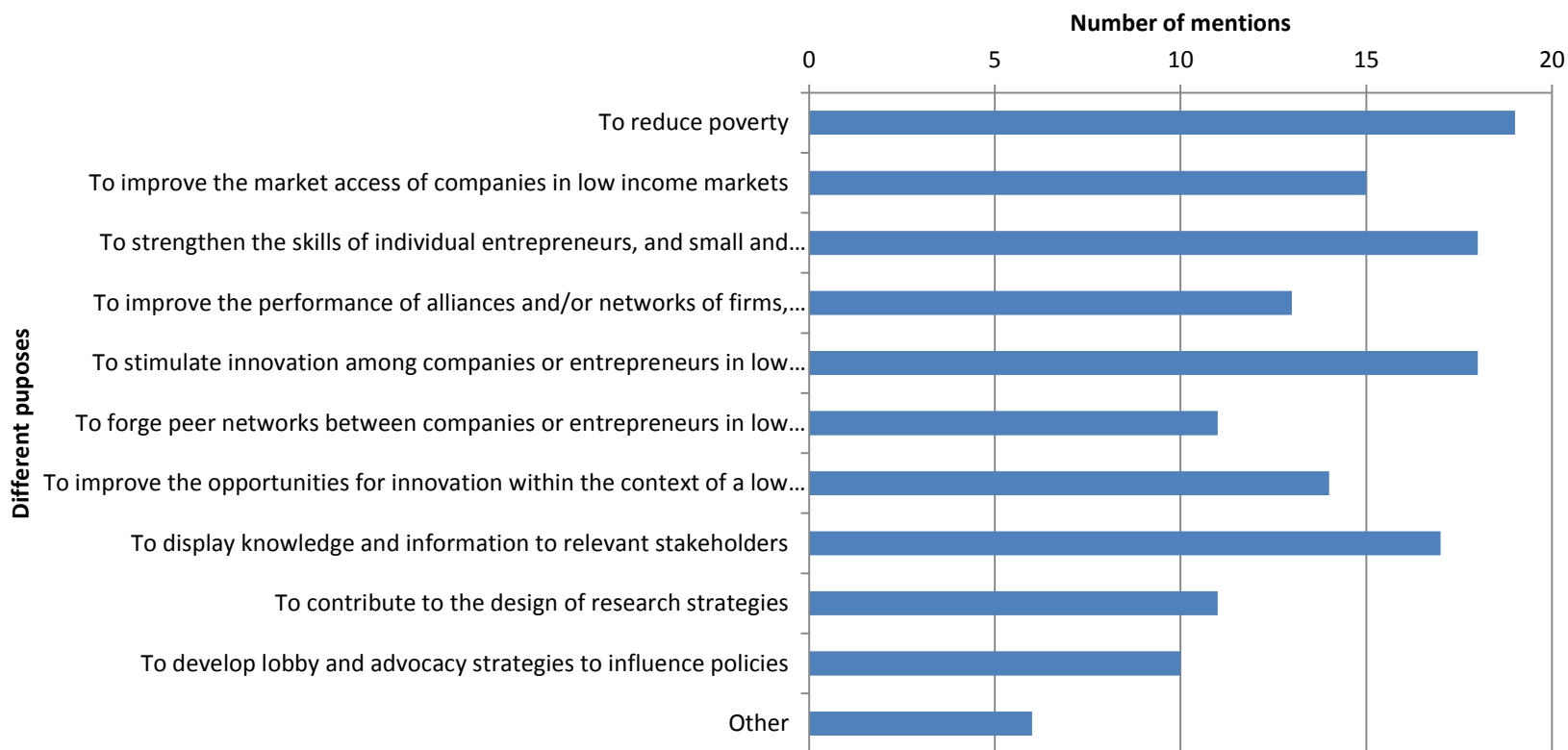
- 36% convener
 - 30% learning catalyst
 - 20% mediator
 - 13% co creator
-
- All facilitate other parties to develop innovations. The mediator facilitates others getting connected among others, while the convener engages and influences the process.
 - Most respondents assume an active role in influencing the change process either by stimulating others to innovate, or to participate themselves

(4) Who does this intermediary facilitate?

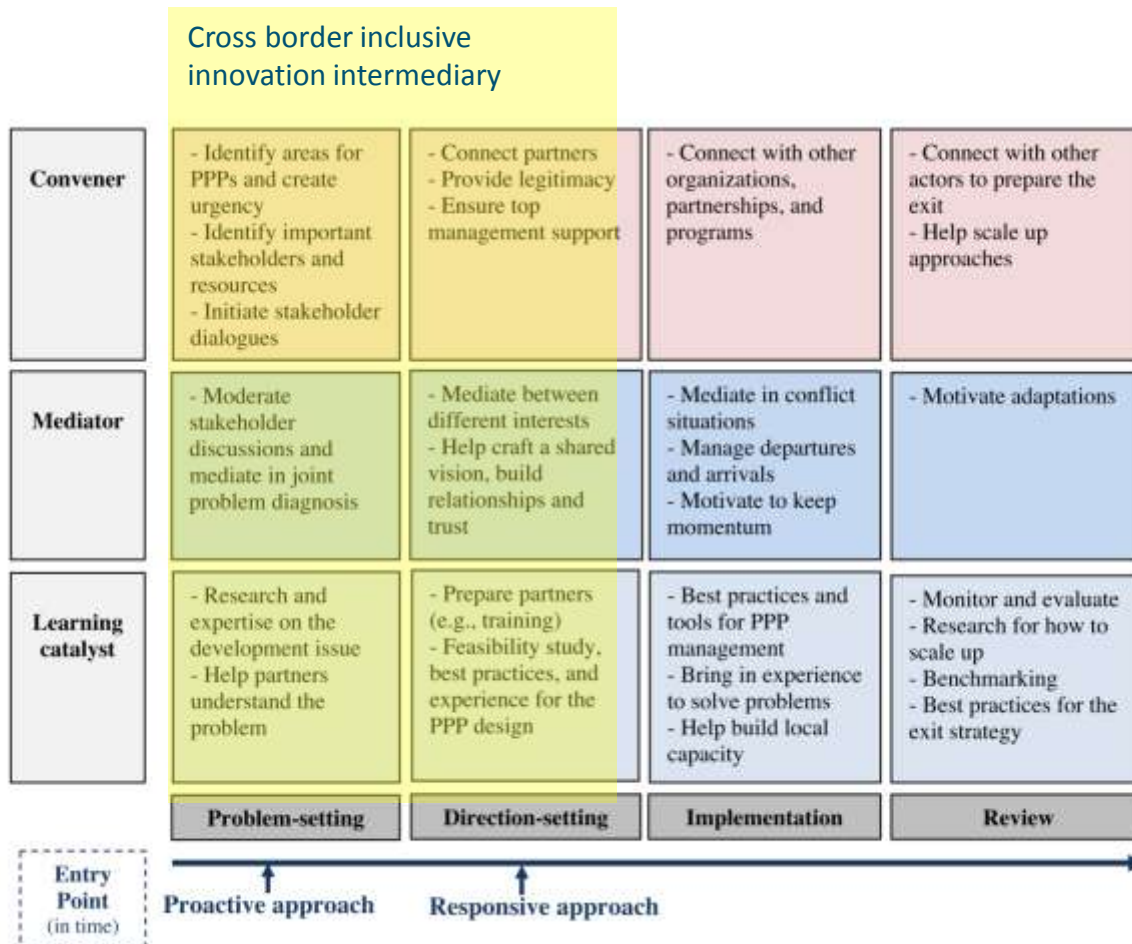
- Individual entrepreneurs
- Small company in developing economies
- Small company in industrialized economies
- Medium sized company in developing economies
- Medium sized company in industrialized economies
- Multinational enterprises
- Other



(5) Why does the intermediary facilitate?



(6) In what phase of the innovation or transition process is the intermediary involved?



- Vast majority provides support in early stage of partnership development and innovation (problem setting and direction setting)
- Product and services adaptation of high end market solutions to low end users
- Innovation happens mainly in the business model (quality/ low cost, alliances to support market access but also to improve the inclusive innovation system)

(Stadler and Prost 2012)

(7) Sustainability challenges they encounter

- Limited access to funding
- Risk averse private sector
- Lack of grants and low risk appetite market affects business model
- Challenging insitutional environment
- Lack of capabilities local counterparts
- Risk to become judge and jury

Main conclusions

- Innovation intermediaries engagement mainly in the early stage of cross border partnership building
- Innovation intermediaries facilitating inclusive innovation tend to engage actively in the innovation process
- In some cases intermediaries even engage in a co-creator role already
- Lack of public funding stimulates a more commercial positioning in the market both with judicial structure as well as funding schemes
- More research required on changes of roles and functions during partnership building process

Buzz in groups of 2 or 3

1. Which roles do you recognize from the ones presented?
2. How do you experience your role?
3. What challenges do you face or did you face in the past?
4. What changed over time in your role and how you handled it?



Getting interests on the table

The basics: ask **open** questions and be **genuinely** curious

What would you like and why is it important to you?

What are your reasons to want this?

What are the reasons that you do not want....?

Going deeper: probe for **more**

What else is important?

How does this work in reality?

Could you give an example? Please, tell me about it?



Exercise

Goal is: to ask questions that really inquire into other and are not led by one's own interest.

Real life case – groups of 3

- A: Takes position, “I want this...”or has a problem, “My problem is....”
- B: Tries to find out more about the demand or inquire into the problem without bringing his/her own ideas.
- C: observer: write down what questions B asks and gives feedback:
 - What questions were helpful
 - Helps B on what questions would help to find out more.



Unravelling inclusive business models for achieving food security in low income markets.

May 10, 2018, Myrtille Danse MSc BA/ PhD candidate



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Introduction

- Private sector interest to enter low income market:
 - Growth
 - Innovation
 - Efficiency
 - Reputation advantages
 - Low income market reason to collaborate with private sector:
 - Research and extension services
 - Inputs
 - Infrastructure,
 - Food processing and marketing services
-
- Development aid grants stimulate inclusive business interest
 - Many pilots, hardly any examples that scale
 - Requires (re)designing the business model to meet the marketing mix for low income markets: awareness, accessibility, affordability and availability



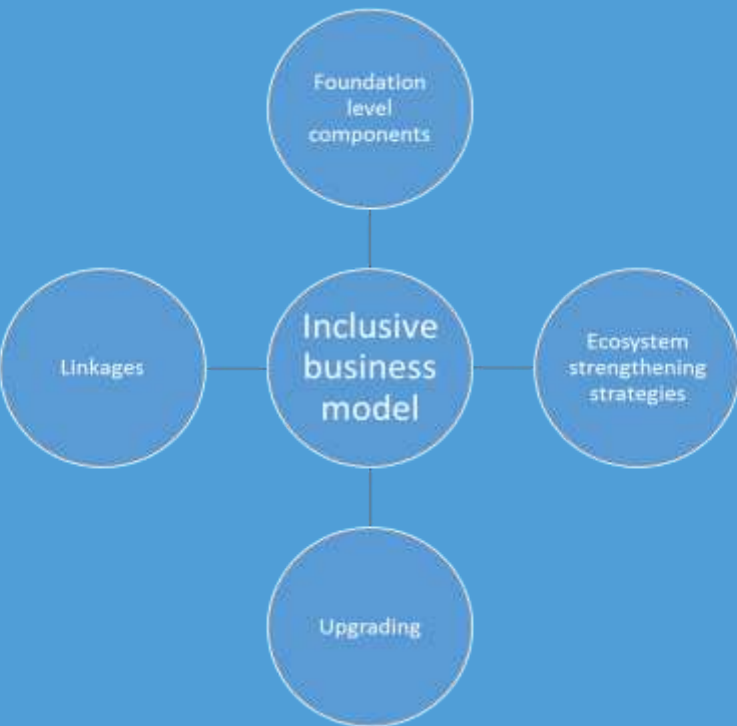
Introduction

- Research question:
 - Unravel how the private sector has been shaping business models and intervention strategies with their “business ecosystem” in order to contribute in a sustainable and scalable way to food security for low income markets

- Research gaps:
 - Insights on initiators
 - Insights on business models
 - Assess “business ecosystem”



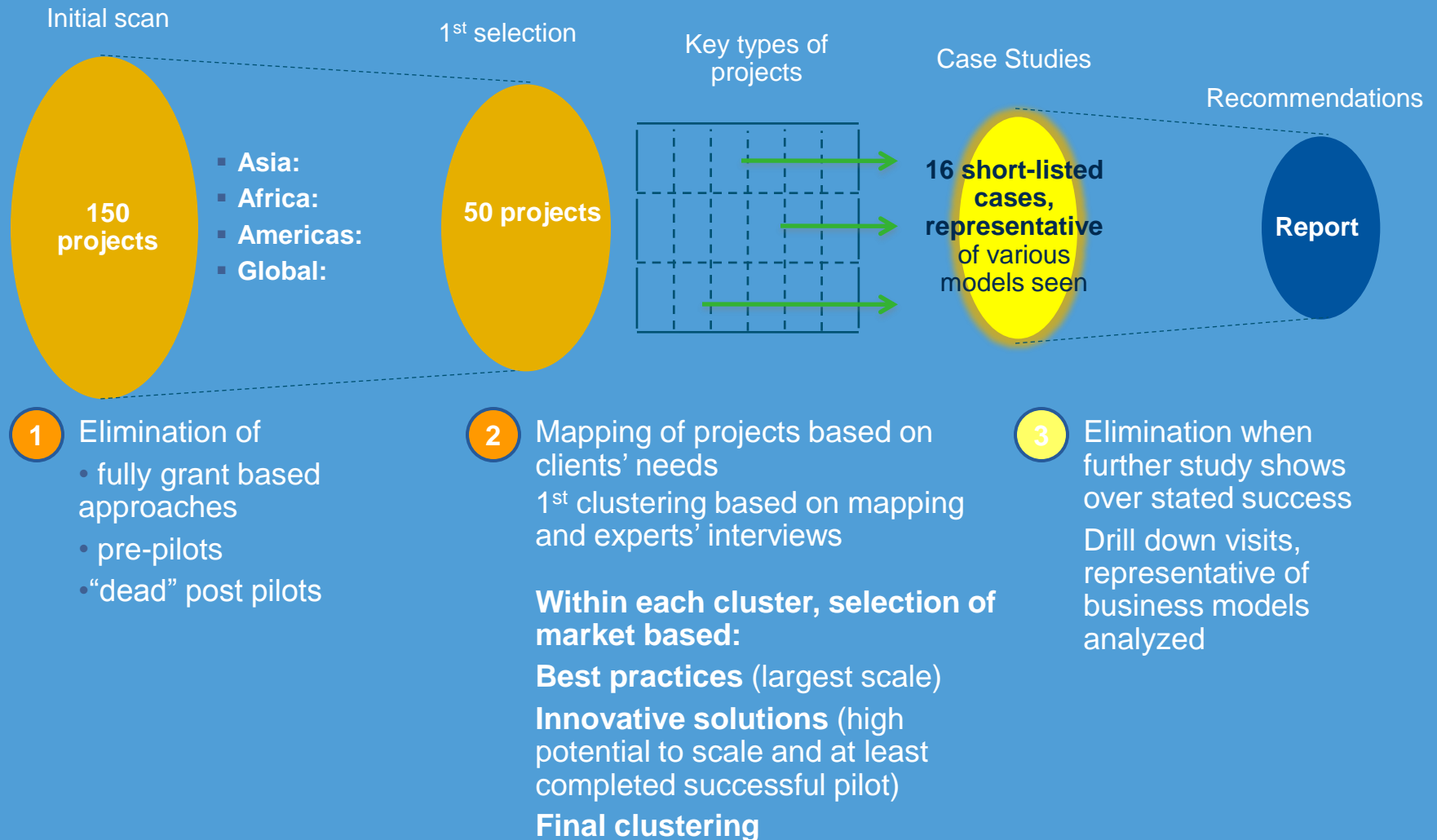
Variables of inclusive business model



Element	Specific variables
Foundation level components	Offering, market, internal capability, competitive strategy, economic, personal
Alliance building capacity	Horizontal, vertical, diagonal
Upgrading strategy	Process, product, functional, interchain
Ecosystem strengthening strategy	Awareness raising and capacity building, research, information sharing, coalition building, public policy dialogue, creating new organisations.



Research approach



Findings and recommendations



Dominant business intervention strategies



Business intervention 1

Farmer development services



Business intervention 2

Secured sourcing schemes



Business intervention 3

BoP intermediaries



Business intervention 4

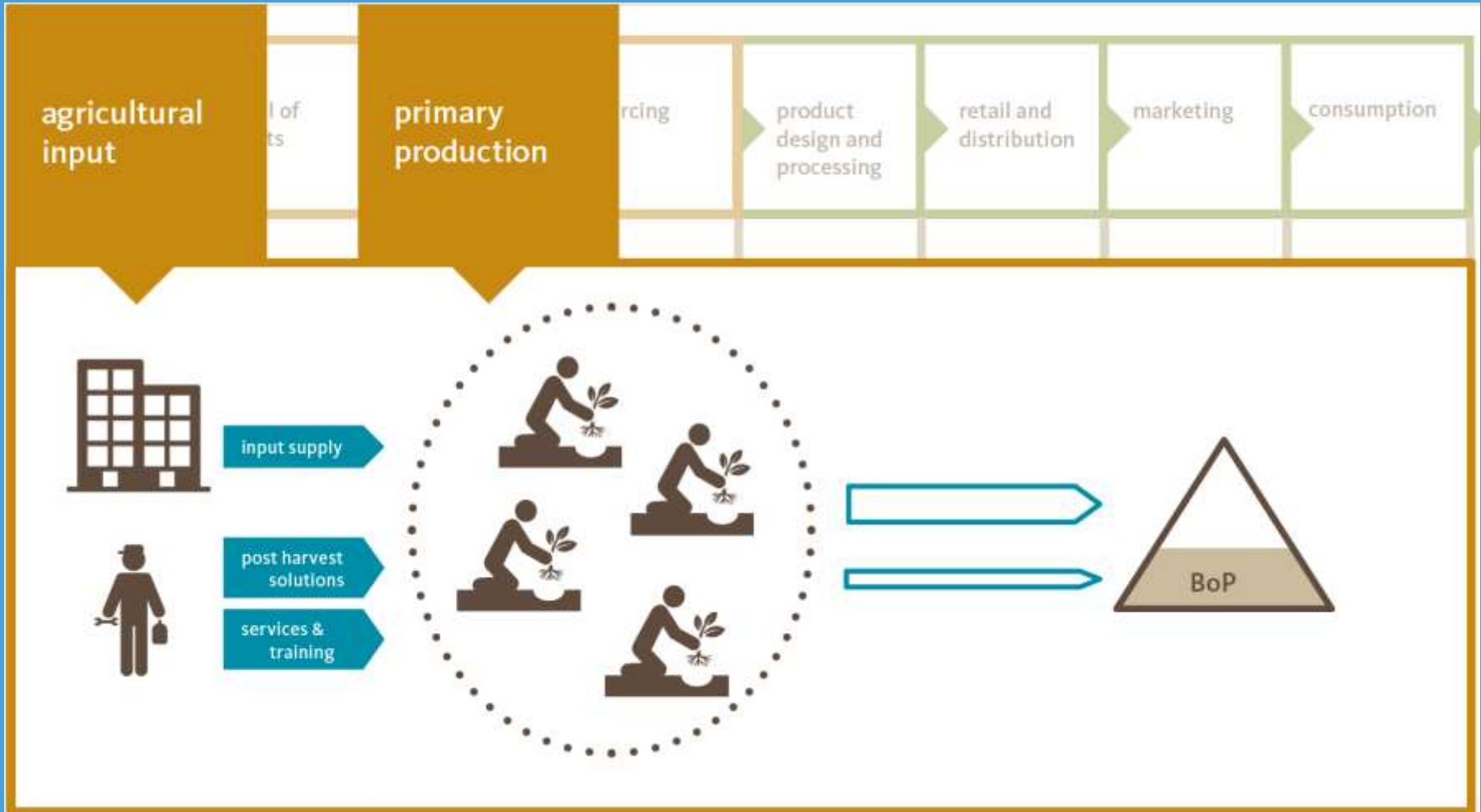
Food product adaptation



Business intervention 5

Hybrid market creation

BI 1: Farmer Development services



Case study



EAST-WEST SEED

High quality affordable vegetable seeds for South East Asian farmers



Key characteristics

- Producer driven
- Improving economy of scale through farmer
- Business to business relations
 - Private sector focus on supporting farmer organizations, to make services affordable, appropriate and available
- Linking through horizontal and vertical integration
- Product or service introduced in close cooperation with companies that will enable farmers to position their higher value product in the market
- Food products targeted are often not part of the customary diet of the local poor population and are mainly grown for cash value
- Grant money often included to kick-start the process



Recommendations

Develop better farmer intimacy to increase loyalty

- Mitigate high learning curve
- Short term rewards and incentive programmes

Create linkage downstream in the value chain

- Link to markets (involving retailers, traders, processors in the process)
- Create new expansion opportunities (local to local)

Investigate the production of locally consumed food crops

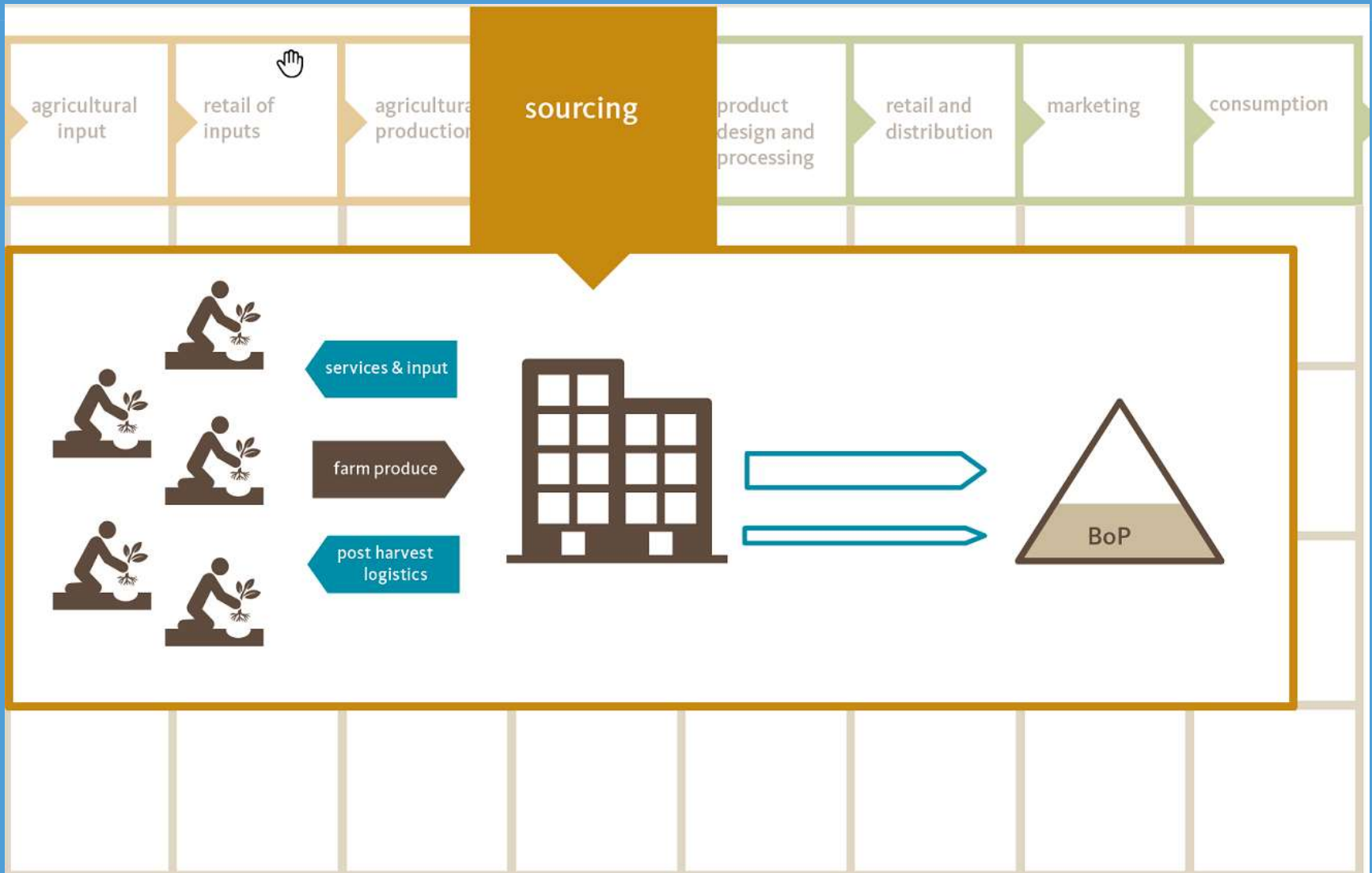
- tendency to focus on cash crops
- new opportunity for the private sector (local to local)

Define your scaling strategy up front

- Could require change in the enabling environment
- Find scaling partners is a lengthy process
- e.g., agribusiness cluster approach



BI 2: Secured Sourcing Scheme



Case study



Sourcing sorghum for locally marketed beer



Key characteristics

- Direct relationship between farmers and commercial buyers
- Private sector investing in the upgrading of farmer production
- Commercial buyer move-up supply chain **to ensure** access to a supply
- Outsourcing specific tasks and services to other companies, NGOs or state-owned organizations (agricultural extensions)
- Import substitution is an important driver for this business intervention
- Often related to products for export markets (fresh products, global commodities) or for products where the local demand exceeds local supply



Recommendations

Develop a local to local value proposition

- Focus has been on products for export markets
- Potential to shift this approach to sourcing local produce for local markets
- Potential of linkages with other BIs

Take necessary measure to avoid side-selling

- premium prices
- faster payment turn-around

Widen scope of development and create a sourcing ecosystem

- Critical role for the local government through supporting investments in upgrading production and marketing infrastructure

Support access to finance in small farmer integration

- Varies from companies giving credits themselves to stimulate others to do this

Support the transition of farmer cooperation into independent business identities (link to BI1)



BI 3: BoP Intermediaries



Case studies



Rural retail hub targeting smallholders as consumers



Key characteristics

- Focus is on reaching low-income population (consumers & producers)
- Building on (or expanding) existing business models (e.g., retailer outlets, mix of existing products/brands, market connections)
- Hubs provide a wide range of services
- Companies providing agricultural inputs to especially small-scale farmers
- Flexible procurement options: partially goods need to be sourced from the central distribution system, partially products are sourced locally
- Substantial sourcing from smallholders (link to BI1)



Recommendations

Develop a portfolio of services for price sensitive customers vs brand sensitive

- Intermediary model with low margins
- Business model depends on capitalizing added value of (combination) of services.

Leverage/built on existing elements of your current business model

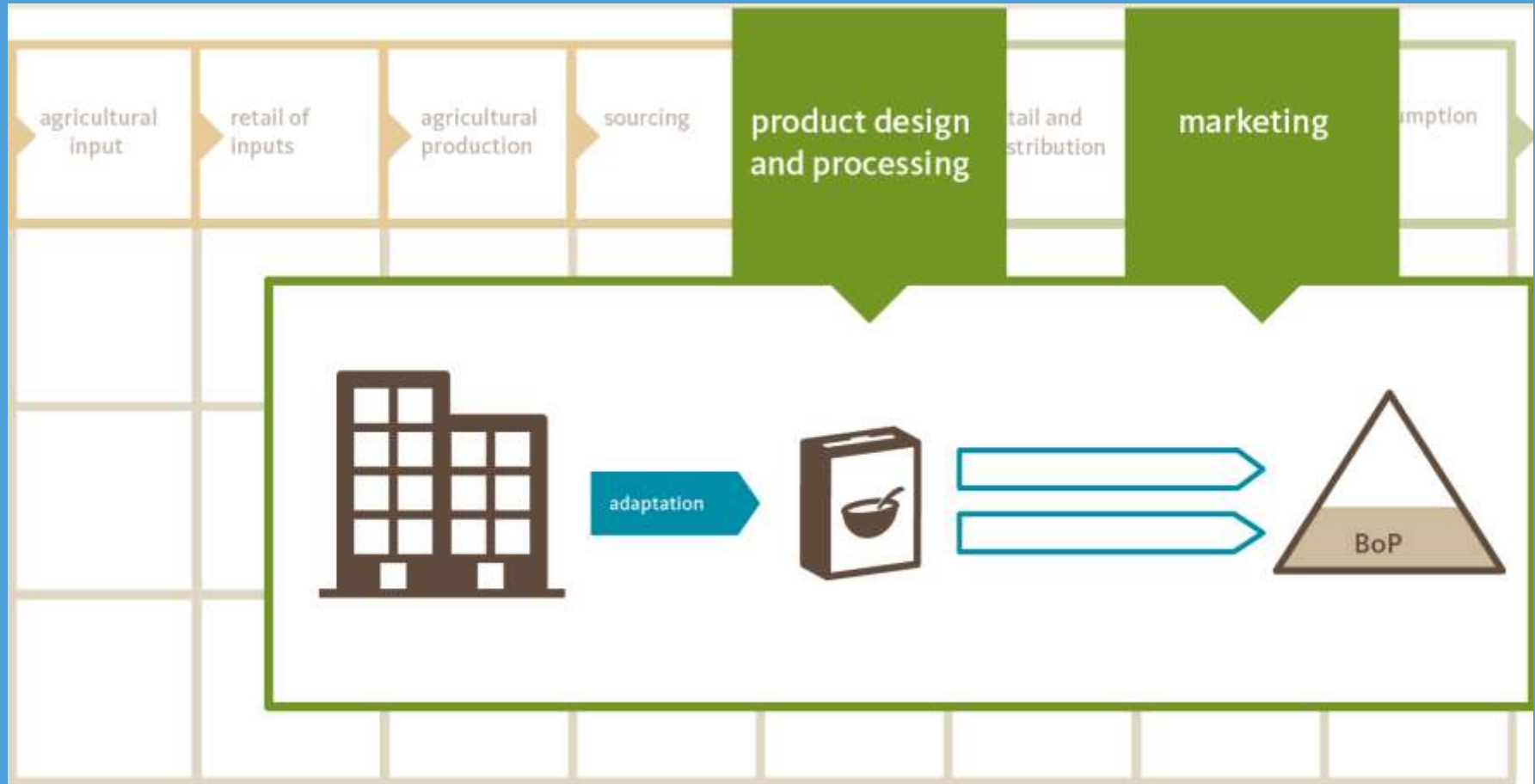
- Effective supply chain for consumer goods (supermarket)
- Knowledge on how to set up retail or outlet stores
- Share business support services, HR, IT, logistics

Franchise model allow scaling

- Flexible (local) procurement options: small-scale farmers with potential and land in close proximity to the super market (short supply chain)
- Allow significant customer insights



BI 4: Food Product Market Development



Case study Minute maid Kenya



Locally produced mango juice for the BoP



Key characteristics

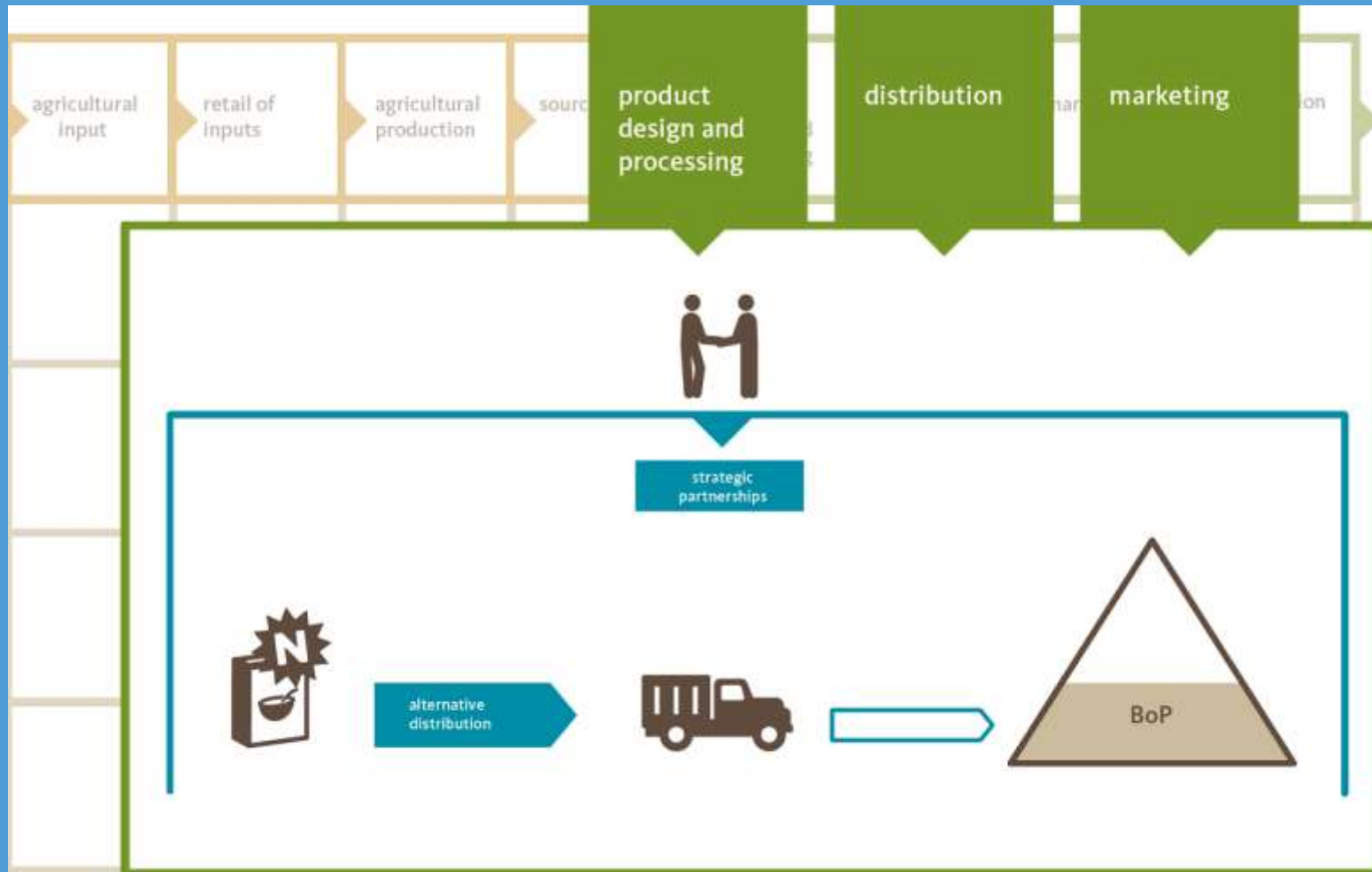
- Product-based
- Traditional approach is to focus on repackaging of products (smaller quantities) to make them affordable for low-income consumers
- Companies generally making use of brands and/or distribution system in place
- Companies are the main drivers of this approach, including most of the funding
- Close to the company's core business ('Business as usual'); this BI does not fundamentally change the way of doing business for an company, and as limited adaption of the existing business models
- Include often a trickle down effect to the BoP consumers



Recommendations

- Leverage existing elements of your current business model
 - brand acceptance
 - Distribution models
 - Products
- Ensure buy in at board level
- Nutrition is not always a selling driver but when it is, public institution support efficiently marketing campaigns.
- Low margin market through:
 - Cost reduction in your own operation
 - high volumes

BI 5: Hybrid market creation



Case study Grameen Danone Foods Bangladesh



Shakti Doy Yoghurt and the Danone.communities



Key characteristics

- Heterogeneous strategic partnership; companies are entering in strategic partnerships with profit and non-profit organizations and-or public institution to co-create and innovate (shared value creation)
- Innovative distribution; creating new products whether or not in combination with 'doorstep' distribution models or proximity models
- Long lead period of pilot/test phase; often include an initial trial and error period to determine price and distribution model
- Hybrid business models, where products are sold to a mixture of institutional (food aid, health centers) and commercial markets



Recommendations

Establish a strategic partnership upfront to co-create a market

- Mutual benefit in sharing distribution, R&D process
- Hybrid partnerships

Develop new capabilities in your organization

- To cope with new mind sets, new collaboration environment
- Emergence of special team projects

Adopt an hybrid governance structure

- Social enterprise (e.g, new entity created)
- Develop KPIs that reflects the multidimensional goals of the structure and its innovative nature

Allow space to develop innovation mechanisms via a trial and error

- Financial instrument -> danone.communities
- Distribution models via existing informal networks

Demand creation via public organizations

- Social marketing



Answers

- Case 1: Secured sourcing schemes
- Case 2: Food product adaptation
- Case 3: Farmer development services
- Case 4: Hybrid market creation.
- Case 5: Farmer development services
- Case 6: BoP intermediaries



Exercise: Match your real life case(s) with Business Intervention strategies

Discuss in groups

- Which BI strategies do you recognise and use?
- Why did you or your organisation choose for a certain model(s)
- How does this affect the way you (will) work and your partnerships?



Which country do you prefer?

Your organisation aims at improving the income of small scale farmers.

There is a Dutch-East African seed company that wants to improve horticultural seed varieties locally and sell them to small scale holders in East Africa. The aim of the business intervention is to enable farmers to produce hybrid seeds.

You, as intermediary organisation, have been asked to be part of the implementing consortium. Your expertise on organising farmers to access micro-finance is very relevant.



Inclusive Innovation Context Analysis Framework

Peter Wachira, Scorepoint



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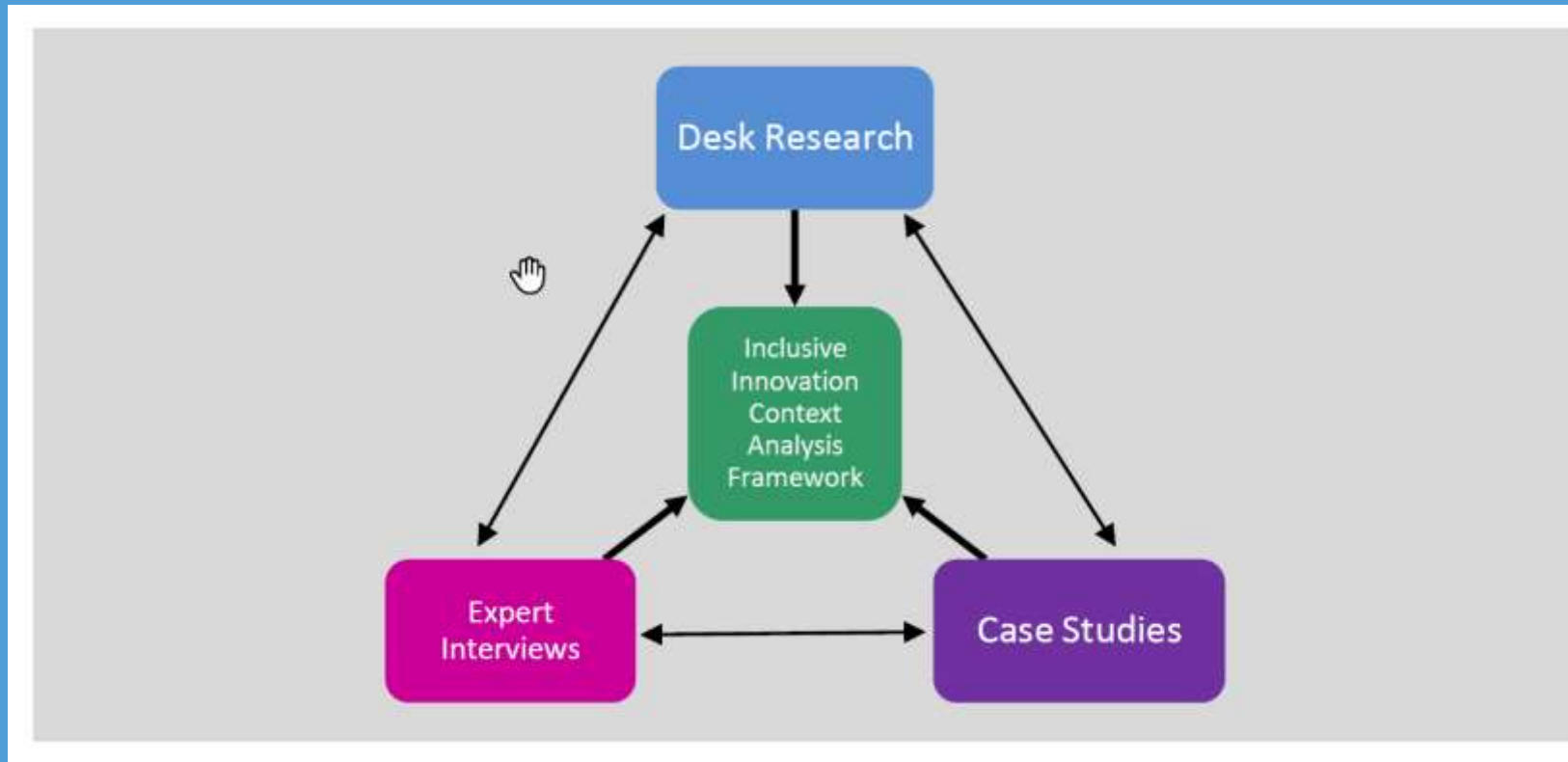


Why IICAF

- Kroesen and Kamp (2010) - successful diffusion of an innovation requires good match between innovation characteristics and the local context
- Technology push – Most inclusive innovation begins with a technology or a solution in mind rather than market

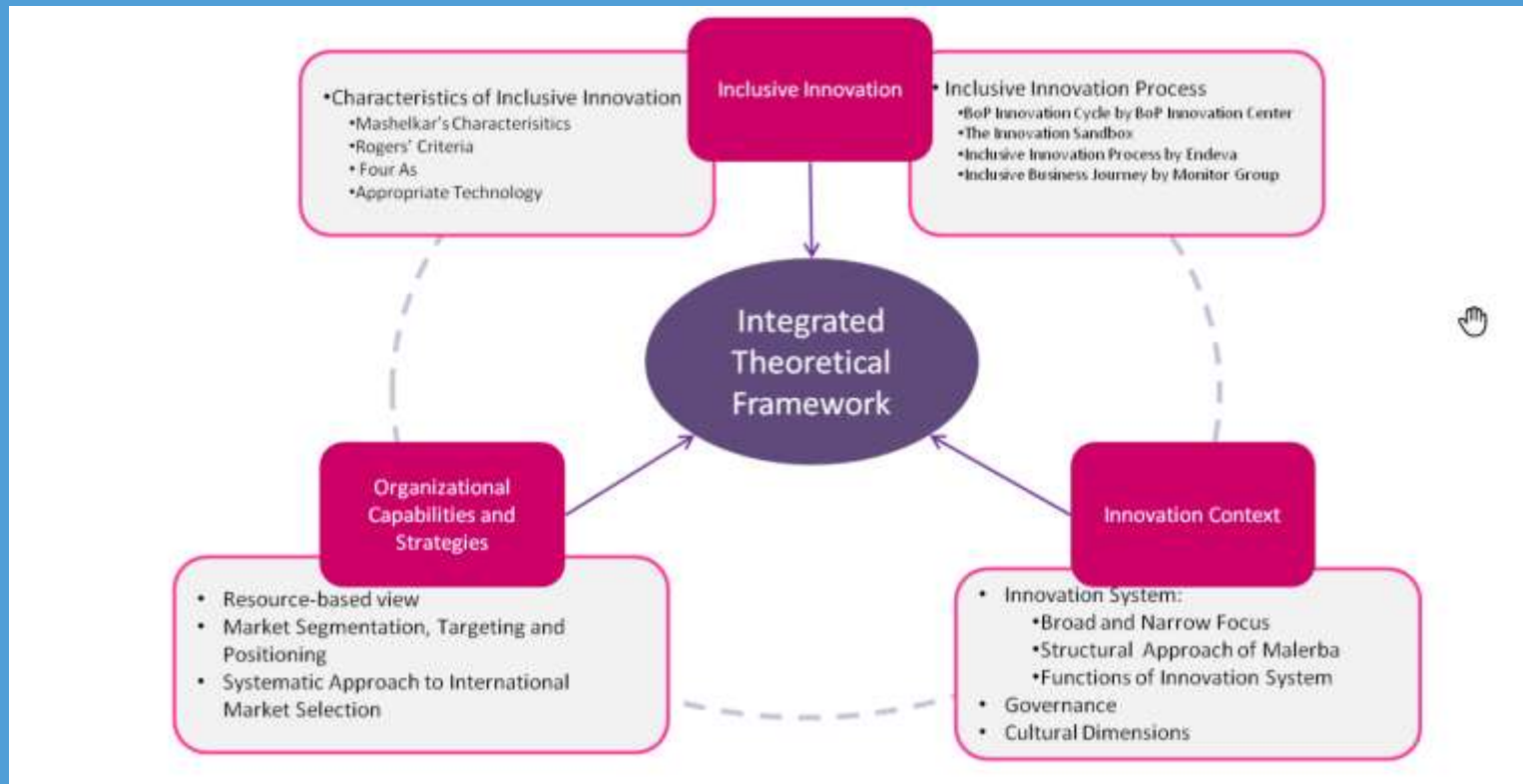


Research methodology

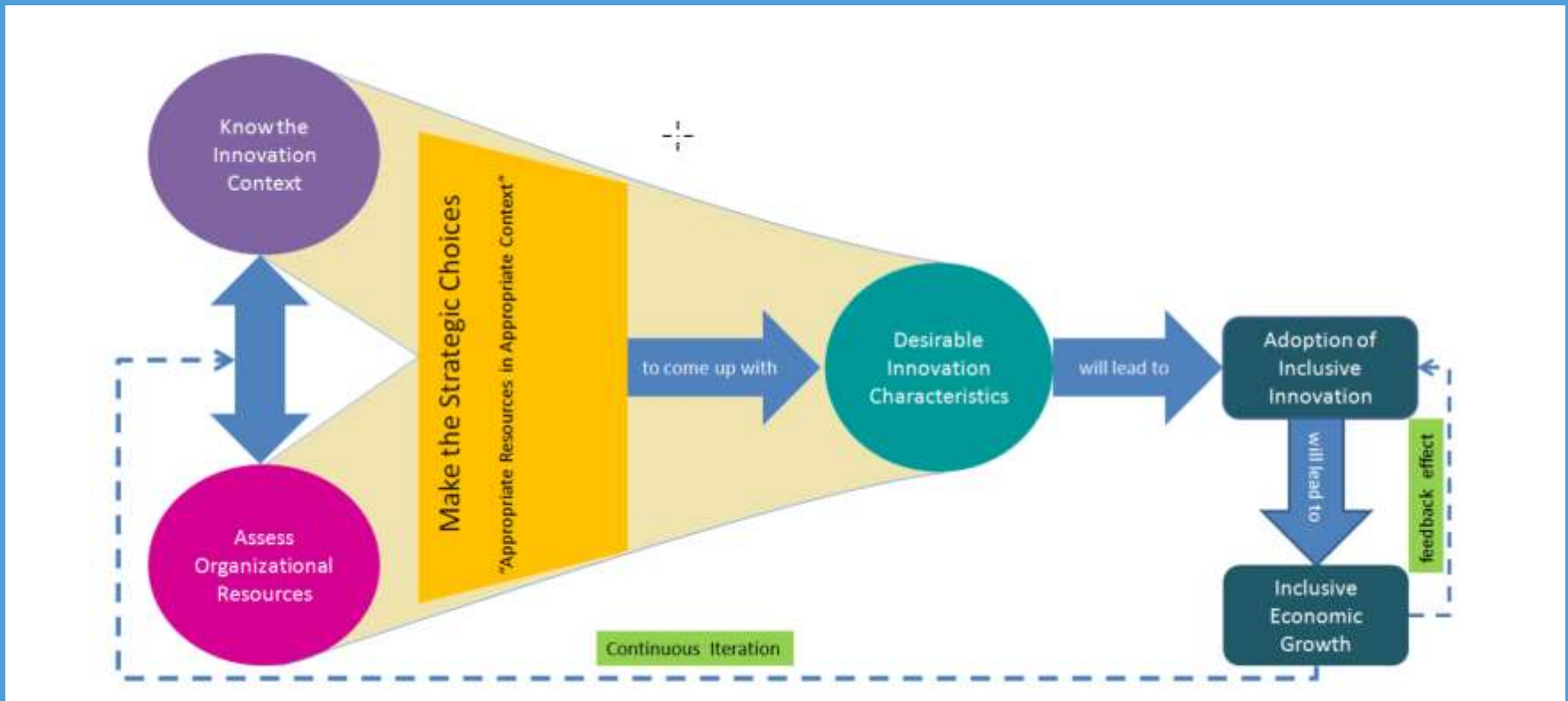


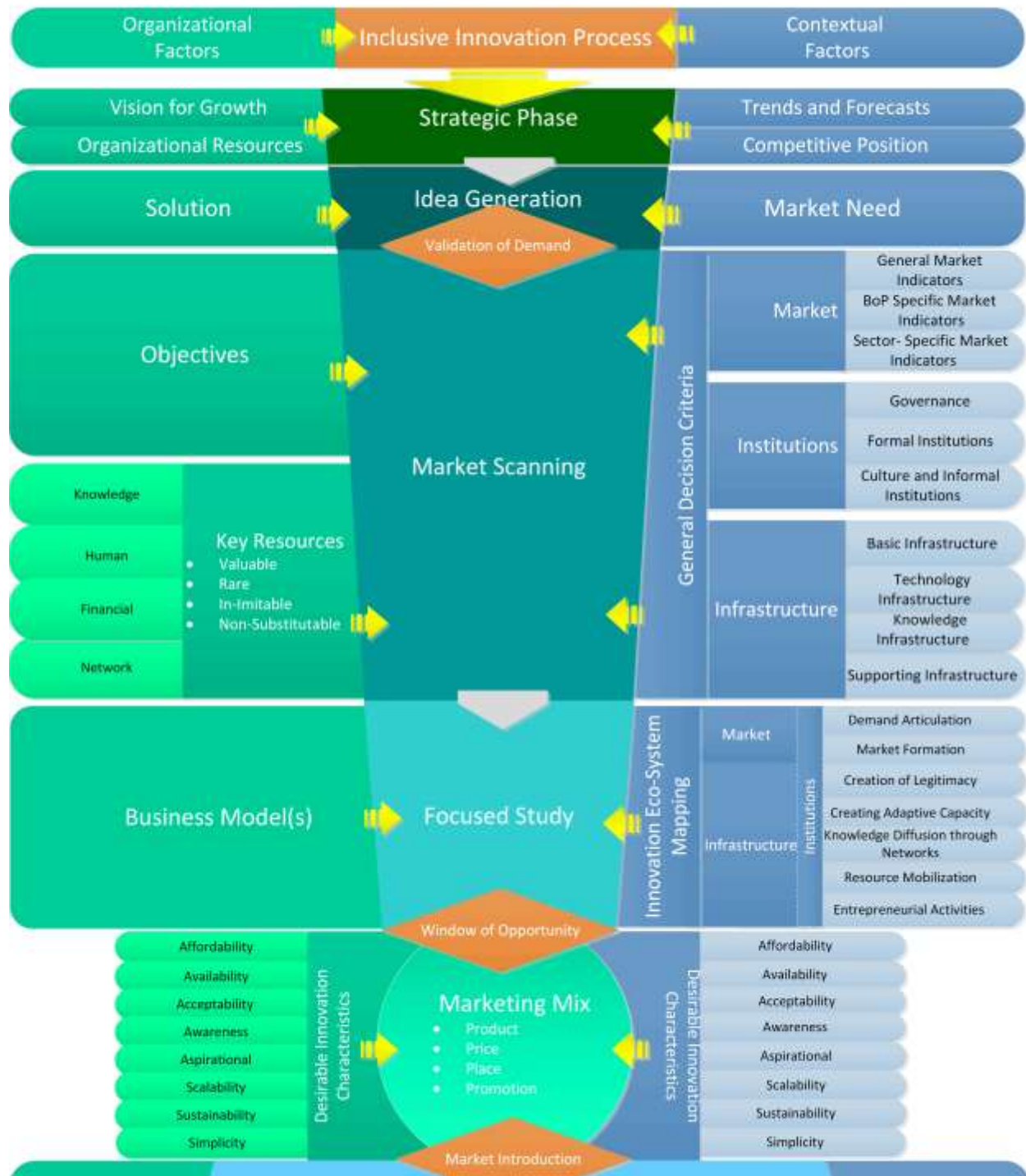
Theoretical base

Inclusive innovation: the development and implementation of new ideas which aspire to create opportunities that enhance social and economic wellbeing for disenfranchised members of society



Conceptual framework





Market scanning – contextual factors



Market Indicators

General Market Indicators	BoP Specific Market Indicators
<ul style="list-style-type: none"> Gross Domestic Product (US\$ Billions) 	<ul style="list-style-type: none"> BoP Population (Millions)
<ul style="list-style-type: none"> Population (Millions) 	<ul style="list-style-type: none"> BoP Share of Total Population
<ul style="list-style-type: none"> GDP per Capita (\$) 	<ul style="list-style-type: none"> BoP Income (PPP) (Millions)
<ul style="list-style-type: none"> GDP Per Capita (PPP) 	<ul style="list-style-type: none"> BoP Income (US\$ Millions)
<ul style="list-style-type: none"> Market Size 	<ul style="list-style-type: none"> Share of BoP Income
<ul style="list-style-type: none"> Demand Conditions 	<ul style="list-style-type: none"> Poverty Headcount ratio at \$1.25 a day (PPP) (% of Population)
	<ul style="list-style-type: none"> Poverty Headcount ratio at \$2 a day (PPP) (% of Population)
Sector Specific Market Indicators	<ul style="list-style-type: none"> Poverty Headcount ratio at National Poverty Line (% of Population)
<ul style="list-style-type: none"> Sector Specific Market Size 	<ul style="list-style-type: none"> Poverty Headcount ratio at Rural Poverty Line (% of Population)
	<ul style="list-style-type: none"> Poverty Headcount ratio at Urban Poverty Line (% of Population)



Institution Indicators

Governance	Culture and Informal Institutions (Hofstede's Dimensions)
<ul style="list-style-type: none"> • Accountability 	<ul style="list-style-type: none"> • Power Distance
<ul style="list-style-type: none"> • Political Stability 	<ul style="list-style-type: none"> • Individualism vs Collectivism
<ul style="list-style-type: none"> • Transparency (Control of Corruption) 	<ul style="list-style-type: none"> • Masculinity vs Femininity
<ul style="list-style-type: none"> • Rule of Law 	<ul style="list-style-type: none"> • Uncertainty Avoidance
<ul style="list-style-type: none"> • Government Effectiveness 	<ul style="list-style-type: none"> • Long Term Orientation
<ul style="list-style-type: none"> • Regulatory Quality 	<ul style="list-style-type: none"> • Indulgence versus Restraint
Formal Institutions	Language
<ul style="list-style-type: none"> • Intellectual Property Protection 	<ul style="list-style-type: none"> • Familiarity with the language
<ul style="list-style-type: none"> • Private Institutions 	
<ul style="list-style-type: none"> • Macroeconomic environment 	
<ul style="list-style-type: none"> • Labor Market 	
<ul style="list-style-type: none"> • Institutions Related to Business (Competition Index from Global Competitiveness Index) 	



Infrastructure Indicators

Basic Infrastructure	Knowledge Infrastructure
<ul style="list-style-type: none">• Transportation	<ul style="list-style-type: none">• Quantity of education
<ul style="list-style-type: none">• Electricity and Telephones	<ul style="list-style-type: none">• Quality of education
<ul style="list-style-type: none">• Health	<ul style="list-style-type: none">• On-the-job training
<ul style="list-style-type: none">• Primary education	<ul style="list-style-type: none">• Efficient use of talent
<ul style="list-style-type: none">• ICT use	<ul style="list-style-type: none">• R&D Innovation
Technology Infrastructure	Supporting Infrastructure
<ul style="list-style-type: none">• Technological Adoption	Financial Infrastructure
<ul style="list-style-type: none">• Business Sophistication	



Normalized weight for level 3 indicators

		Indicator					Alternatives			
Level 1	Weight for Level 1	Level 2	Weight Level 2	Level 3	Weight Level 3	Normalized Weight Level 3	A1	A2	A3	A4
X1	w1	X11	w11	X111	w111	nw111	0	-1	0	1
				X112	w112	nw112	-1	1	0	0
		X12	w12	X121	w121	nw121	0	0	-1	1
				X122	w122	nw122	0	1	-1	0
X2	w2	X21	w21	X211	w211	nw211	-1	0	1	0
				X212	w212	nw212	-1	0	0	1
		X22	w22	X221	w221	nw221	0	-1	0	1
				X222	w222	nw222	0	1	0	0
				X223	w223	nw223	0	1	-1	0
				X224	w224	nw225	0	1	-1	0



Data Sources



World Development Indicators



The primary World Bank collection of development indicators, compiled from officially-recognized international sources. It presents the most current and accurate global development data available, and includes national, regional and global estimates.

Access the database, tables and content of the new WDI

- [Download PDF](#) (36Mb)
- [Online tables](#)
- [Country and Indicator](#) pages
- [Bulk downloads from the data catalog](#) (Excel | CSV)

- Products
- World Development Indicators**
- WDI 2017 Maps
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- Other Books & Reports
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- Third Party Apps

Worldwide Governance Indicators

[HOME](#) [INTERACTIVE DATA ACCESS](#) [DOCUMENTATION](#) [FAQ](#)

The Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for over 200 countries and territories over the period 1996–2016, for six dimensions of governance:

- **Voice and Accountability**
- **Political Stability and Absence of Violence**
- **Government Effectiveness**
- **Regulatory Quality**
- **Rule of Law**
- **Control of Corruption**

These aggregate indicators combine the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. They are based on over 30 individual data sources produced by a variety of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms.

- [Interactive data access](#)
- [Description of methodology](#)
- [Download full dataset \(Excel\)](#)
- [Download full dataset \(Stata\)](#)

The WGI are produced by:

[Daniel Kaufmann](#), Natural Resource Governance Institute (NRGI) and Brookings Institution
[Aart Kraay](#), World Bank Development Research Group

Financial support from the Knowledge for Change Program of the World Bank is gratefully acknowledged. The Worldwide Governance Indicators (WGI) are a research dataset summarizing the views on the quality of governance provided by a large number of

What is Governance?

Governance consists of the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.



DOING BUSINESS

Measuring Business Regulations

Rankings

Rankings

Distance to Frontier

Economy Rankings

Economies are ranked on their ease of doing business, from 1-190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate [distance to frontier](#) scores on 10 topics, each consisting of several indicators, giving equal weight to each topic. The rankings for all economies are benchmarked to June 2017. Read the methodology, explaining how the [ease of doing business rankings and the distance to frontier measure are calculated](#) (PDF).

 = Subnational *Doing Business* data available.

Select Rankings by Region

Select Rankings by Income



Economy	Ease of Doing Business Rank *	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property
New Zealand	1	1	3	37	1

The Global Competitiveness Report 2017-2018



Report

Published

Tuesday 26 September 2017

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Tool demo and exercises

