KEY LESSONS FROM PRIVATE SECTOR ENGAGEMENT IN THE USAID LEARNING COMMUNITY FOR SUPPLY CHAIN RESILIENCE
Food and beverage companies working with smallholder farmers understand the risk that climate change poses to their supply chains, but long-term investment without short-term gains can be a difficult sell in a for-profit environment. Nonetheless, leading companies are investing in innovative solutions using climate-smart agriculture (CSA) to help farmers adapt to climate change while securing their own supply. The USAID Feed the Future Learning Community for Supply Chain Resilience, led by Climate Change, Agriculture and Food Security (CCAFS), has produced four case studies focusing on private sector awareness and decision-making around climate-smart agriculture. The case studies follow Nile Breweries (a subsidiary of AB InBev) and Olam in Uganda, Ben & Jerry’s and Barry Callebaut in Cote d’Iviore and a subset of World Cocoa Foundation (WCF) members—Touton, The Hershey Company and Ecom—in Ghana through their process of working with NGO partners to better understand CSA and support farmers to adopt climate smart practices. By understanding better what makes a successful partnership between companies and NGOs seeking to tackle climate change, we hope to accelerate and inspire more work like this.
Olam & IITA

COFFEE | UGANDA

This pilot segmented farmers to package climate smart practices into smaller, incremental steps, making up “climate-smart investment pathways” known as the Stepwise Approach. Utilizing demonstration plots to monitor the impact of the Stepwise Approach on coffee in select regions and using farmer field schools to build farmer capacity and confidence in practice adoption.

For more information read the full case study.

WCF, Rainforest Alliance & CCAFS

COCOA | GHANA

In this project a CCAFS-led consortium created and disseminated two key decision-making tools for companies to target investments in climate smart cocoa: climate suitability maps and geographically specific recommendations of climate smart practices informing a training manual on climate smart cocoa.

For more information read the full case study.

Nile Breweries, TechnoServe & Sustainable Food Lab

GRAINS | UGANDA

This project assessed the supply chain risk of climate change using CCAFS exposure maps and provided financial implications for inaction as well as recommended strategies to build resilience using the Guide to Assessing Climate Resilience in Smallholder Supply Chains.

For more information read the full case study.

Ben & Jerry’s, Barry Callebaut & Fairtrade International

COCOA | COTE D’IVOIRE

This pilot leveraged CCAFS tools, like the climate exposure maps, to facilitate the design of a living income project that incorporated climate-smart principles in a cocoa improvement program.

For more information read the full case study.
Challenges to Private Sector Engagement

Any partnership between a company, NGO or research institution can be fraught with misalignment of stated objectives, appetite for risk, and short- versus long-term thinking. For those seeking to build smallholder farmer climate resilience the challenges are amplified by the unpredictability of the magnitude and effects of climate change and the relatively long amount of time it takes to build resilience. For many organizations working with smallholder farmers the challenges faced can seem unsurmountable. With the support of USAID the Feed the Future Learning Community for Supply Chain Resilience was able to work with private sector actors and NGOs to push past common challenges, explore innovative solutions, deliver tailored climate science and provide guidance for future engagement.
Private Sector/NGO Collaboration

The partnerships laid out in the four case studies mark a success for company engagement with NGOs and research organizations. Pulling from NGO and company interviews, the case studies synthesize the characteristics of companies and NGOs who are best suited to collaborate, the value proposition of partnership and the enabling factors for success.
Partner Characteristics

Companies that directly engage with smallholder farmers grapple with complex problems of souring on a daily basis. Depending on the particular contact at the company, and where that person sits (i.e. procurement vs. sustainability or on-the ground vs. global) they will have different levels of understanding of climate issues, needs for information, and entry points for project investment. Some companies at the beginning stages of smallholder investment may have doubts around the value of an environmental component to their business model (viewing social and environmental sustainability as an outside or philanthropic function) and viewing NGOs as only helpful in addressing and outsourcing reputational risk. Additionally, margins are thin for intermediary companies. They know that they have to be innovative to gain competitive advantage but are understandably hesitant to take risks on experimental practices or projects that could distract the team with no commercial pay-off.

Among the companies engaged in these case studies, there is a clear internal focus on sustainability achieved through the longer-term strategies needed to address climate risk. These types of companies allow internal champions to allocate the time and resources needed to design climate effective projects.

NGOs and donor organizations often have different objectives than the private sector but are trying to solve the same underlying challenges. Finding this alignment, and framing projects to the private sector in terms of company objectives can be vital to designing and implementing a successful initiative. Moreover, understanding the goals and motivations of companies also entails being cognizant of their timelines, which can be significantly different from those of NGOs, who are used to longer timelines for research purposes. NGOs’ ability to align their own goals with that of a company’s allows for a strong foundation from which to collaborate. Being able to make a business case, and if applicable align goals with company metrics, allows for company champions to more easily sell a project to superiors. Key to finding this alignment is engaging in a co-design process between the NGO or donor and company to understand company needs to drive toward strategic goals and NGO’s desire to use and scale their tools to create impact.
Olam’s company-wide sustainability commitment enables decision-makers to innovate and make long-term investments, giving Olam employees the ability to help farmers build resilience to climate change—a long-term challenge. IITA understands that short-term wins that pair with long-term change are easier to sell in a company atmosphere, and thus highlighted the short-term cost savings alongside the long-term resilience building. IITA and Olam found alignment by designing the project together and framing the project in terms of Olam’s company objectives as well as IITA’s research expertise. Olam’s commitment to sustainability supports employees to innovate for impact and IITA’s willingness to work with Olam as a partner has facilitated scaling of their tools across the company’s global reach.

The Sustainable Food Lab and TechnoServe worked with Nile Breweries to better understand the climate risk faced by their barley and sorghum farmers in Uganda and to inform potential solutions. The assessment was, in part, used to confirm in a more formal way the challenges Nile Breweries and TechnoServe already perceived and provided feedback on potential solutions farmers believed would be most useful. This confirmation helped decision-makers use data to make the case for investment and action in a resource-thin environment.

The CCAFS Consortium worked directly with the World Cocoa Foundation and member companies to iteratively design analysis tools. Together, acting on the basis of climate science, they identified strategies that were aligned with private sector sustainability plans to incentivize investments in climate-smart agriculture. This has ensured the project fulfills cocoa company’s needs and that tools are utilized to create the impact CCAFS wants to see.

As part of their core values, Ben & Jerry’s actively works to ensure that cocoa can be a dignified investment for farmers, with the idea that linked prosperity means sufficient return from cocoa and sufficient opportunities for investment such that farmers are able to invest in their farms and families. With the help of the Sustainable Food Lab, Ben & Jerry’s worked with partners Barry Callebaut and Fairtrade International to include climate smart principles in a Producer Development Initiative, which seeks to improve farmer incomes while increasing resilience against climate change.
Value Proposition

NGOs look to work with private sector partners to take advantage of their access to the supply chain and/or direct access to farmers, as well as their ability to invest in a project or contribute in-kind services. Partnerships are most valuable for companies when NGOs are able to fill a gap in the company’s knowledge or technical capacity to introduce an innovative solution that improves resilience while also increasing profitability or cost savings. This can include both a technical solution or provision of information for better targeting of resources.

The case studies outline a number of successful relationships in which NGO staff utilized and built on climate tools, like the CCAFS climate suitability maps, to create useful technical solutions for companies. For most companies increasing farmer resilience to climate change does not require a new technology but simply requires dissemination of useful information throughout the supply chain. NGOs are well suited to provide data and create solutions like guides, apps and training manuals because they often have experience working directly with farmers, extension officers and other field staff that are able to make real change among farmers.

In addition to a simple technical solution, many organizations must tackle the question: where do we start? An NGO’s ability to understand the broader context in which they are working is useful to companies who might not understand how their farmers differ from one another, what role the commodity plays in their farmers’ lives and how climate change connects to other sustainability efforts like farmer livelihoods. This knowledge can lead to better use of resources, varied recommendations and alignment of other key metrics that a company is working toward in their supply chain.
Value Proposition

IITA created the Stepwise Approach, which segments farmers into “like” groups based on criteria such as farmer’s appetite for risk and ability to invest in climate smart practices. By segmenting farmers and breaking down the basket of recommended CSA practices into smaller, incremental steps, the IITA team has developed a useful approach to help farmers adopt CSA practices and helped Olam better target their financial investments.

TechnoServe and the Sustainable Food Lab were able to leverage the guide to Assessing Climate Resilience in Smallholder Supply Chains, to provide Nile Breweries with recommendations for investment that would contribute to increased climate resilience. By providing detailed information and a cost of inaction, Nile Breweries staff were able to make the case for resource allocation to parent company leadership.

To help make sense of CIAT’s climate suitability maps, IITA and Rainforest Alliance created geographically specific recommendations to farmers facing climate change. To make practices easy to implement and widely available, the World Cocoa Foundation then worked with Rainforest Alliance to create a Climate Smart Cocoa Manual. The manual has proven to be a useful tool for companies like Ecom and Touton, as well as Hershey, who used the manual as a guide to integrating CSA into their farmer-facing app CocoaLink.

Knowing that climate change is a real threat to the livelihoods of cocoa farmers, Fairtrade International and the Sustainable Food Lab designed Ben & Jerry’s living income program incorporating climate smart tools. This allowed for a more holistic approach to closing the gap between the actual income and a living income for smallholder farmers.
Enabling Factors

There are often enabling factors that contribute to the long-term success of a project outside of the relationship of the company and NGO. For many smallholder farmers looking to invest in climate smart practices, there’s a need for financing. When NGOs and companies are able to de-risk farmer investment, adoption of climate-smart practices is much more feasible. Additionally, for some industries and origins, government intervention can be useful. In Ghana for example, the cocoa industry has come together with the government to stop deforestation in the Cocoa & Forests Initiative. One of the joint activities of the Learning Community was a Tree Registration Guide. In the past farmers had been resistant to plant shade trees due to a lack of secure ownership of these trees (logging companies had previously been able to cut trees within cocoa orchards, without compensation to the cocoa farmers). The Tree Registration Guide is needed to provide easier and more transparent registration of trees, giving farmers peace of mind for their investment in shade trees. Without government intervention and adherence to deforestation regulation, NGOs and companies will not be able to protect the trees on smallholder farms, a valuable asset to creating resilience to climate change.

A donor or NGO’s ability to establish co-financing, allowing for reduced risk to farmers and companies, is a key selling point for partnership. As more information or tools are available, companies and farmers are interested in climate adoption but often cannot engage without support. Even with a quantified cost of inaction, there’s still a concern of short- and long-term effects of failure. By finding financing partners, the risk of start-up costs are lowered. All parties are able to invest the necessary time and resources to make new pilots a success and provide valuable feedback and learning for future efforts.

As climate change continues to wreck havoc on small farms, it’s imperative that actors along the supply chain implement climate-smart practices. NGOs seeking to receive private sector investment into pilot projects and future scaling should look for companies who value sustainability and support staff to achieve long-term sustainability goals, and should pay particular attention to their own ability to align with company strategy and goals. By ensuring alignment between donors, NGOs and companies, fruitful relationships can create resilience against climate change for smallholder farmers.
Learn More

The case studies mentioned are part of the USAID Feed the Future Learning Community for Supply Chain Resilience.

Individual Case Studies

**Coffee Sector Climate-Smart Awareness and Decision-Making**

**Cocoa Sector Climate-Smart Awareness and Decision-Making**

**Grain Sector Climate-Smart Awareness and Decision-Making**

**Helping Cocoa Farmers to Achieve a Living Income and Adapt to Climate Change**