PROJECT NURTURE: Partnering for Business Opportunity and Development Impact
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Development challenges such as tackling poverty and unemployment, improving food, water and energy security, increasing access to education, health care and nutrition, and adapting to climate change are notoriously systemic. They have their roots in public awareness, regulatory and policy frameworks, market dynamics, institutional capacity, infrastructure, social and cultural norms, and many other factors that shape people's incentives and drive their behavior. And behind each of these factors is a set of interconnected, interdependent stakeholders.

The development community increasingly recognizes the private sector as a crucial partner in helping to address these challenges. New technologies, products and services, and more inclusive business models are helping to improve livelihoods and quality of life for millions of low-income households while at the same time improving the efficiency of natural resource use and decreasing environmental degradation. Yet, with a few notable exceptions such as mobile banking, most of these market-based solutions have not achieved business growth and development impact at scale. Many are impeded by a combination of market failures, governance gaps, insufficient financing and inadequate individual and institutional capacity. There is an enormous need for more collaborative solutions that leverage the combined resources and capabilities of business, government and civil society to overcome these barriers.

In this context, the CSR Initiative at the Harvard Kennedy School has undertaken research on the different strategies and structures that companies are using to strengthen the ecosystems around their inclusive business models. We have looked at three approaches that can help overcome barriers to scaling these business models:

- Private initiative by an individual company along its own value chain;
- Project-based alliances between a company and one or more other organizations; and
- Platforms that formally link potentially large networks of players for a common purpose.

These structures are complementary and companies often use them in combination, either sequentially or simultaneously. The following case study looks at a project-based alliance among The Coca-Cola Company, the Bill & Melinda Gates Foundation, and TechnoServe intended to bring more than 50,000 smallholder mango and passion fruit farmers in Kenya and Uganda into the Company’s value chain – and to catalyze private initiative by the Company to sustain and replicate those linkages in Kenya, Uganda, and around the world.

While Project Nurture will not conclude until 2014, we believe that the partnership already offers a rich set of lessons learned for building inclusive and sustainable value chains and for building complex partnerships. It also offers a model with the potential to be adapted in other countries and for other commodities. Adaptation is already underway or under consideration in several places within the Coca-Cola system.

Since it was founded in 2003, the CSR Initiative at the Harvard Kennedy School has worked to bridge theory and practice in the field of multi-stakeholder partnership. This case is part of a series focused on collaboration between business and other sectors to drive systemic change. Our goal is to learn in “real time” how a new generation of collaborative initiatives designed for systemic change and scale are mobilized, and how they work. We hope others will benefit from the experiences of these initiatives and be able to accelerate their own progress in developing models that achieve both business benefit and development impact through tackling some of the world’s most pressing development challenges.

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Executive Summary

Where business and poverty alleviation were once considered separate domains, there is now growing consensus that the private sector is central to development. The private sector not only fuels economic growth, but also plays a critical role in making growth more inclusive – by engaging the poor as producers, distributors, retailers, and consumers in corporate business models and value chains. However, companies often find inclusive business models and value chains challenging to develop, due to sparse information about supplier capabilities and consumer preferences, low levels of education and skills, limited access to financial services, inadequate physical infrastructure, or ill-suited regulation. Stakeholders in government, the donor community, and civil society have comparative advantages in addressing some of these challenges, and as a result, cross-sector partnership is proving to be an important strategy. This case study describes one such partnership.

About Project Nurture
Launched in early 2010, Project Nurture is a $11.5 million partnership among The Coca-Cola Company, the Bill & Melinda Gates Foundation, and the international non-profit organization TechnoServe. It intends to double the fruit incomes of more than 50,000 smallholder farmers in Kenya and Uganda by 2014 by building inclusive mango and passion fruit value chains. Project Nurture’s catalytic approach combines core business investment and philanthropy to strengthen the entire mango and passion fruit value chains in an integrated manner, ensuring that all the players have the capabilities and commercial incentives to continue doing business together even after the project ends – generating business benefits and development impacts that can be sustained.

Drivers for the Project Nurture Partnership
The Coca-Cola Company, the Bill & Melinda Gates Foundation, and TechnoServe have unique drivers for coming together around a common goal: to bring smallholder farmers into inclusive and sustainable value chains. The Coca-Cola Company sought to secure new sources of supply for its growing juice business, which is set to triple by 2020. Local sources of supply would enable it to reduce import costs and keep its products more affordable for consumers. The Gates Foundation’s primary objective was to help people in developing countries overcome poverty and hunger, consistent with its mission. Partnering with The Coca-Cola Company presented an opportunity to help catalyze a sustainable, replicable model with the potential to reach – and impact – millions of smallholder farmers. TechnoServe, which helps hundreds of thousands of smallholder farmers sell millions of dollars worth of produce in developing countries around the world, saw partnering with the Company as an opportunity to target its work for even greater impact, making sure smallholders received just the right skills, resources, and connections they needed to become valuable, long-term players in a high-growth value chain.

Project Nurture Approach
In Project Nurture, The Coca-Cola Company invests in product development, marketing, supplier relationships, and procurement systems to satisfy its customers and thereby create a market for the fruit that smallholder farmers produce. Minute Maid Mango, launched in September 2010 in Kenya and May 2011 in Uganda, was the first product to use locally sourced juice as a result of the project. Additional core business investment from the Company and philanthropic funding from the Gates Foundation cover the cost of farmer capacity development, provided by TechnoServe. TechnoServe works to strengthen farmers’ agricultural and business skills and helps them organize into business groups to access inputs and finance, facilitate transactions with buyers, and improve their bargaining power. At the same time, TechnoServe connects farmers with companies offering quality inputs and credit and with buyers in three primary markets: fruit processing, domestic and regional fresh fruit sales, and fresh fruit exports. As a result, a complex array of partners beyond The Coca-Cola Company, the Gates Foundation, and TechnoServe are involved in Project Nurture, including banks, agricultural research institutes, fruit processors and exporters, and government ministries. The idea is not for the three founding partners to
do everything themselves, but rather to identify and engage players with comparative advantages in the value chain, helping those players build the business case and capacity they need to do business together even after the project ends. In this way, the founding partners aim to build a business model and broader enabling environment that will continue creating value long into the future.

Project Nurture Achievements To Date

Results to date suggest that Project Nurture is contributing to business and development goals that are inextricably linked. Profitable business activity creates economic opportunity for farmers, offering them additional income and the stability, resilience, health, education, and other benefits that come with it. Those benefits, in turn, enable farmers to supply high-quality fruit on a consistent basis, contributing to supply chain security and business growth.

### Objectives

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| 1. Double the fruit income for over 50,000 smallholder mango and passion fruit farmers through improved production and supply chain linkages | • More than 42,000 farmers in approximately 1,300 Producer Business Groups participate in the program, 14,000 of them women  
• Through a combination of increased volume sales and improved quality, participating farmers’ annual fruit incomes have, on average, already more than doubled |
| 2. Increase local supply of juice and improve local processing infrastructure to allow for the development of The Coca-Cola Company’s local juice business | • Minute Maid Mango, the first product to use locally sourced juice as a result of Project Nurture, was launched in September 2010 in Kenya and May 2011 in Uganda  
• Kenya-based Sunny Processors Ltd and Allfruit EPZ Ltd were approved to supply mango puree to Coca-Cola’s bottling partners  
• These two processors now supply 100% of the mango puree for Minute Maid Mango in Kenya, Uganda, the Democratic Republic of Congo, Zimbabwe, and South Africa |
| 3. Link project farmers to diverse profitable markets, including fresh domestic and fresh export markets | • Project farmers are now selling into three market channels: fruit processing, fresh domestic, and fresh export (17%, 80%, and 3% respectively as of October 2012)  
• Volume sales of mango by participating farmers in Kenya and Uganda have more than doubled; volume sales of passion fruit in Uganda have also more than doubled  
• More than 36,000 metric tons of fresh fruit from Project Nurture have been harvested and sold  
• Farm gate prices for passion fruit in Kenya and for mango and passion fruit in Uganda have increased |
| 4. Increase farmer access to financial services and help organize access to farm inputs for their crops | • 297 loans worth $115,300 have been disbursed to finance passion fruit farming start-up costs such as seeds, seedlings, poles, and wires  
• Several private nurseries have been supported to increase the quantity and quality of passion fruit seedlings available to farmers |
| 5. Create a successful business model that can be replicated in other markets | • Minute Maid Mango is profitable  
• The Coca-Cola Company expects to recoup its investment in Project Nurture several times over in the next 3-5 years through cost optimization and replication in other countries  
• The Company has implemented key elements of the model in Haiti and India; further replication is under consideration in Zimbabwe, Nigeria, and/or Ghana  
• TechnoServe also plans to replicate the model in future partnerships with multinational companies, local businesses, and governments  
• Having supported several such partnerships for higher-value cash crops, the foundation is now leaving replication to the private sector and governments, and looking to establish similar additional partnerships for widely-grown staple crops such as rice, maize, and cassava |
Lessons from the Project Nurture Experience

Project Nurture is a rich source of lessons learned for the partners themselves and for other companies, donors, NGOs, and governments interested in partnering to build inclusive value chains. These lessons relate to building inclusive value chains, building cross-sector partnerships, and building the capacity for scale. The key take-aways are:

**When building inclusive value chains... design for sustainability:** The comparative advantage of business as a development impact driver is the potential to be self-sustaining. But unleashing this potential requires careful attention to the incentives and capabilities of each player in the value chain and in the enabling environment. The role of government in creating the enabling environment is essential.

**When building cross-sector partnerships... manage complexity:** Collaboration creates value by channeling differences in perspective, incentives, and capabilities toward common goals. These differences exist among partner organizations and also within them. Internal complexity is often overlooked – yet it is an important factor in making the business case, executing smoothly, and replicating successful models.

**When building the capacity for scale... make needed awareness and capabilities mainstream:** While cross-sector partnerships to develop inclusive value chains are emerging with increasing frequency, they are still a niche phenomenon. Many more are needed to meet today's business and development goals. This will require raising awareness, changing mindsets, and putting capabilities and systems in place within and across would-be partner organizations.

BUILDING INCLUSIVE VALUE CHAINS: Designing for Sustainability

- **Make sure every player in the value chain is profitable.** A value chain is only as strong as its weakest link. Project Nurture has therefore taken an integrated approach, working to make sure every player has the assets and capabilities they need to be profitable – from smallholder farmers, to banks, to traders, to buyers, to processors supplying Coca-Cola bottlers, to bottlers themselves. The Coca-Cola Company also had to develop a profitable product: Minute Maid Mango.

- **Strengthen the enabling environment.** It can be equally necessary to strengthen the enabling environment in which the value chain is embedded – including access to knowledge, skills, technology, financial services, and infrastructure as well as regulation and effective public administration. In Project Nurture, TechnoServe has played a primary role in strengthening the enabling environment, as a provider of market information and agricultural and business skills training and as an intermediary bringing in other partners with critical roles to play. However, the government role is also critical, and could be expanded.

- **Build institutional capacity and incentives to sustain impact into the long term.** There is some concern that when Project Nurture ends, there will be gaps in areas where TechnoServe has played the role of service provider – especially of agricultural and business skills training for farmers, who are still in the process of improving their crops and in some cases have just begun to grow new, improved varieties. As a result, the organization is working to ensure that other partners, including processors, exporters, and government agencies, have the capabilities and incentives to pick up where it leaves off.

- **Consider how best to engage government.** Project Nurture has engaged the Kenyan and Ugandan governments at several levels, recognizing the roles they have to play in sustaining, scaling, and potentially
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replicating the model and its impact. The partners believe there would be value in engaging governments even earlier and more fully going forward, understanding their priorities for the sector; determining how the partnership could drive progress; and identifying actions that governments could undertake as full founding partners – assuming responsibility, sharing risk, and gaining value in return.

BUILDING CROSS-SECTOR PARTNERSHIPS: Managing Complexity

- **Build a clear and comprehensive business case.** For any company considering a multi-year, multi-million dollar commitment, the business case is essential. It is also essential for donors and NGOs that seek to catalyze sustainable, scalable business models that continue generating development impact long after their partnership has ended. Donors and NGOs like the Gates Foundation and TechnoServe may even see the business case in more strictly financial terms than a company – which may also take reputational benefits like positive publicity, leadership, and good stakeholder relations into account.

- **Align objectives not only among partners, but also within partners.** Because today’s global organizations are so complex, partnership can involve just as much internal collaboration as external collaboration. In Coca-Cola’s case, implementing Project Nurture meant getting its Central, East & West Africa Business Unit, Global Juice Center, Grove 2 Glass Trading subsidiary, Research & Innovation unit, and Global Public Affairs and Communications all to work together. Staff from these groups came to the table with different backgrounds, perspectives, interests, and incentives, and aligning them took time.

- **Design efficient, effective partnership operating and governance structures.** Project Nurture's Core Operating Team and Steering Committee have been critical in aligning objectives and channeling organizational complexity – among and within partners – in ways that optimize the value of collaboration. They established regular opportunities for individuals in different departments and different organizations to interact, understand one another, face challenges together, jointly problem-solve, demonstrate follow-through, and build trust. These structures have also facilitated learning and course correction.

- **Proactively manage the expectations that publicity creates.** Publicity can raise expectations that take staff time to manage, but it can also be good motivation for creative thinking and problem-solving when a pilot project hits the inevitable bumps in the road. Project Nurture has hit several – and to meet their public commitments, the partners have doubled down and found solutions, and remain on track to meet their targets. The pros and cons of publicity can be balanced, first and foremost by anticipating and planning for them. A dedicated budget and staged approach to communication can help.

- **Recognize and facilitate the role exceptional individuals play in getting pilot projects off the ground.** Pilot projects are not guaranteed to succeed. Company staff, assigned specific roles and accountable for specific results, can perceive them as extra work – or, worse, extra opportunity to fail. To get pilots off the ground, senior leaders must be thinking about the long-term goals at stake and creating the space for staff to pursue them. In Project Nurture, working-level champions and strong partners also played critical roles, even helping to bring senior leadership on board.

- **Put deliberate strategies and systems in place to bring successful pilots to scale.** While exceptional individuals play critical roles getting pilots off the ground, today's complex, decentralized organizations need deliberate
strategies and systems to bring successful pilots to scale – through growth and mainstreaming in their countries of origin and through replication in other countries. The Coca-Cola Company is developing several such systems, including an ongoing supplier survey, internal G2G staff communications, a Juice University immersion program, and its annual Bottler Conference.

BUILDING THE CAPACITY FOR SCALE: Making Needed Awareness and Capabilities Mainstream

**Raise awareness of hybrid strategies that create business opportunity and development impact.** Strategies like Project Nurture’s are still new, and many business executives, philanthropists, NGO staff, and government officials have had little exposure. They might also be skeptical about one of the two primary approaches hybrid strategies combine: philanthropy and profit-making business activity. While more and more organizations have individuals or departments working on hybrid strategies, most need to invest in raising awareness of the potential more broadly before those strategies can go mainstream.

**Break down sector stereotypes.** Business, government, and civil society have preconceived ideas about each other, which affect their appetite and aptitude for partnership. Yet previously neat distinctions have started to break down as organizations experiment with hybrid strategies and hire staff with hybrid expertise. In Project Nurture, the Gates Foundation’s program officer worked for McKinsey and Kraft, TechnoServe’s project director came from banking, and one of the early champions from The Coca-Cola Company came from a development NGO. To maximize the opportunity to create value through collaboration, would-be partners must ensure that perceptions of and within their organizations catch up to reality.

**Develop a deeper understanding of the core business contribution to cross-sector partnership.** In Project Nurture, The Coca-Cola Company’s contribution is often described as $4 million in cash and $1.5 million in kind. This description doesn’t convey that the Company has had to conduct R&D, develop a new product, identify and certify suppliers of the key ingredient, negotiate and manage supplier contracts, conduct ongoing quality testing, market the product to consumers, and work with its bottling partners to manufacture, distribute, and sell it. Understanding the core business contribution more fully would enable all partners to design more targeted interventions, monitor and stage them appropriately, and assemble the right teams.

**Invest in professional partnering capabilities.** Project Nurture is a highly complex partnership, and it has made significant progress thanks to highly professional management from TechnoServe, the Gates Foundation, and The Coca-Cola Company. This is not to say a considerable amount of “learning by doing” was not involved. With partnership an increasingly important mechanism for achieving individual organizational and broader societal goals, it is time for companies, donors, NGOs, and governments to invest in professional partnering capabilities ranging from strategy to talent to organizational structures.

**Build partnership brokering platforms.** Scoping and brokering complex partnerships like Project Nurture is difficult and time-consuming. The Gates Foundation, TechnoServe, and The Coca-Cola Company have done it successfully, but many more partnerships – involving many more companies, donors, NGOs, and governments – are needed to meet global business and development goals. Three emerging models offer systematic ways of making it happen: partnership brokering services, regular forums for cross-sector dialogue, and partnership brokering platforms.
Where business and poverty alleviation were once considered separate domains, there is now growing consensus that “private firms are at the heart of the development process.”¹ By driving job creation, skill building, technology transfer, institutional capacity, and the construction of physical infrastructure; by generating tax revenues for governments; and by delivering products and services that people need to be productive, private sector firms fuel economic growth.² By engaging the poor in their business models and value chains – as producers, distributors, retailers, and consumers – firms play a critical role in making growth more inclusive. An emerging body of research by the International Monetary Fund and others suggests that inclusive growth is more sustainable and leads to greater gains over time.³

Inclusive business models and value chains offer products, services, jobs, and small business opportunities to the poor, profitably. Firms in a range of industries are finding commercially viable ways of doing business in low-income market segments. For example, food, beverage, and consumer products companies are selling to low-income consumers by distributing through small businesses and micro-entrepreneurs. Mobile network operators are offering users the option to buy very small amounts of airtime on a “pay-as-you-go” basis, as their cash flows permit. Traders and processors of agricultural commodities are buying from smallholder farmers to expand and diversify their supplies. Microfinance institutions – and some large commercial banks – are extending small loans to low-income borrowers using alternative forms of due diligence and risk management.

Inclusive business models and value chains like these are powerful engines of development impact. They generate incomes and access to products and services at levels of quality and affordability that were often unavailable before. These impacts, in turn, generate multiplier effects. For example, the mother who supplements the family income starting a small-scale distribution business can feed her children more nutritious food and send them to school, helping them tap into better opportunities than their parents had. Similarly, the farmer who can get a malaria diagnosis and prescription in his own village is more likely to get treated and back to full productivity faster, reducing the risk that his illness turns into a serious financial setback for his family. Furthermore, in contrast with traditional philanthropic and aid-based development interventions, inclusive business models and value chains are financially self-sustaining – with the potential to reach scale and inspire replication.

Inclusive business models and value chains are also important sources of business opportunity. As the International Finance Corporation points out, “The world’s leading companies expect emerging markets to generate 70% of global economic growth over the next few years. Those that benefit the most will be the ones that turn underserved populations into dynamic consumer markets and diverse new sources of supply. Companies with inclusive business models are doing both. And in the process, they are developing product, service, and business model innovations with the potential to tip the scales of competitive advantage in more established markets as well.”⁴

However, developing inclusive business models and value chains is often a real challenge. Relatively few companies have managed to realize the potential to do so at scale.⁵,⁶ The challenges include sparse information about supplier capabilities and consumer preferences, low levels of education and skills, limited access to financial services, and inadequate physical infrastructure. Regulation is another challenge: while often intended to protect consumers and enhance social welfare, it can limit innovation or inflate cost structures such that companies struggle to break even.⁷

While companies can address – or work around – many of these challenges, others are beyond their capacity or authority to tackle. Other stakeholders have roles to play in whether or not inclusive business models and value chains succeed and go to scale. For example:
Governments are the only ones who can make and adjust policy, regulation and tax and tariff structures. The public sector also plays a significant role in providing or shaping the markets for critical services like health care, education, energy, water, and sanitation that businesses, their consumers, and the labor force need to operate at peak productivity.

Donors can invest in building the knowledge and skills of smallholder farmers and micro-entrepreneurs; conduct research on low-income market dynamics, opportunities, and constraints; provide catalytic financing; and advise governments on ways to improve market conditions.

Civil society groups can train smallholder farmers and micro-entrepreneurs; help raise consumer awareness and trust; change social and cultural norms; and inform government policy-making.

Academic and other research institutions can do research that will ultimately benefit all players in a market; analyze what works in the business and policy spheres; and disseminate findings.

The media and other trendsetters can raise awareness; influence social and cultural norms; and create momentum for change.

Because governments, donors, civil society groups, and other stakeholders can play such critical and complementary roles, cross-sector partnership is proving to be an important strategy for overcoming the challenges involved in building inclusive business models and value chains. Partnership combines and leverages the incentives, resources, and capabilities of different stakeholders to address bottlenecks to inclusive business success. Leading organizations across business, government, and civil society – from the G20, United Nations, and World Bank Group to the World Economic Forum, Clinton Global Initiative, and other business leadership networks – are calling for more transformational partnerships to unlock business opportunity and development impact at scale.

Cross-sector partnership practice is relatively new and evolving, especially when the purpose is to develop a profitable inclusive business model. There are underlying philosophical, technical, and legal questions. Philosophically, there is still a tension between the profit motive that drives business and the idealism that drives many development stakeholders. Companies need to show financial returns on their investments, but some stakeholders are uncomfortable with the idea of helping them to do so. Others are comfortable helping companies generate financial returns as a means to an end, but need to prove that the development returns justify the effort. Technically and legally, questions abound. For example, what is the best way to match levels of investment from a company and its development partners with expected levels of financial and development return? Is it possible to prove that building inclusive business models is more effective than other development interventions? What kind of information do companies and development partners need to share to do create such models successfully? What are the best ways of protecting each partner’s individual interests? What are the tax implications of financial flows from a company to a civil society group when that money cannot be considered a donation?

The purpose of this case study is to understand how one inclusive value chain development partnership works, what it has achieved, and what insight it offers – both for the partners themselves and for other companies, donors, governments, and civil society groups seeking to start and scale inclusive business models and value chains. This study is part of a Harvard Kennedy School CSR Initiative research stream on systemic approaches to creating business opportunity and development impact at scale. An initial framing paper, “Tackling Barriers to Scale: From Inclusive Business Models to Inclusive Business Ecosystems,” was published in September 2011. This case study is one of several subsequently conducted to generate knowledge and provide practical guidance on what such systemic approaches look like and how to structure and implement them.
As in all strategic partnerships, in Project Nurture, the Coca-Cola Company, the Bill & Melinda Gates Foundation, and TechnoServe have unique drivers bringing them together around a common goal: to strengthen smallholder farmers and bring them into sustainable and inclusive value chains.

**The Coca-Cola Company (The Company)** is the world’s largest beverage company, with more than 500 sparkling and still beverage brands that reach consumers in more than 200 countries at a rate of 1.8 billion servings a day. Together with its bottling partners, the Company is one of the 10 largest private employers worldwide, with more than 700,000 system employees. The Company is also committed to building sustainable communities through initiatives that reduce its environmental footprint; promote active, healthy living; create a safe, inclusive work environment; and enhance economic development in the communities where it operates.

**The Coca-Cola Company aims to triple the size of its global juice business by 2020**

In late 2009, The Coca-Cola Company laid out a 2020 Vision and Roadmap for success over the next 10 years. That vision is made up of goals covering the Company’s profit, people, portfolio, partners, planet, and productivity. One of those goals is to double the size of the business, by servings and by revenue, by the year 2020.

For the Company’s juice business, the goal is to triple the size of the business, already the largest in the world. Four of The Coca-Cola Company’s 15 billion-dollar brands are juices: Minute Maid, Minute Maid Pulpy, Simply, and Del Valle. In some regions, the Company’s goals for growing the juice business are even higher. For example, in Central, East & West Africa, where juice consumption is currently low, the goal is to grow by a factor of approximately 10 by 2020.
To drive progress toward its juice growth goals, The Coca-Cola Company established a new department, the Global Juice Center, in January 2007. The Global Juice Center coordinates procurement of key ingredients, develops brand strategy, rolls out integrated global marketing campaigns, builds juice blending capabilities worldwide, trains teams through its Juice University, and creates processes to scale successful innovations.

**To meet the needs of its growing juice business, the Company needs to secure sustainable supplies of agricultural commodities**

Agricultural ingredients are essential to The Coca-Cola Company. Half of what the Company buys is agriculture-related: it is one of the world’s largest purchasers of sugar and in the top ten for coffee, tea and citrus. These agricultural ingredients create the unique qualities and flavors of The Coca-Cola Company’s brands. Many of the beverage categories growing most rapidly are those that rely more heavily on agricultural commodities. However, the Company does not own or operate farms. Instead, agricultural commodities make their way into its beverages through complex value chains.

The Coca-Cola Company’s juice value chain begins at the farm, where growers sell fruit to independent processing companies directly or through traders. Those processors, in turn, sell fruit juice and puree to The Coca-Cola Company’s bottling partners – most of which are also independent companies. The Coca-Cola Company provides its bottling partners with juice recipes, branding, and consumer brand marketing support. Bottlers then manufacture, bottle, and sell the Company’s juice products to customers that serve end consumers, ranging from large supermarkets, restaurants, and hotel chains to small shops and kiosks. Often, its juice products are distributed through independent distributors. The Coca-Cola Company and its bottlers comprise “the Coca-Cola system.”

Because The Coca-Cola Company’s bottling partners are buyers, not growers, they are subject to global fruit commodity prices, which are reflected in the prices of the processed fruit juice and puree they buy. As the Company’s juice business grows, it increases global demand for fruit, intensifying competition and pushing up prices. It is thus a strategic imperative for The Coca-Cola Company to ensure that global fruit supplies rise in step with demand, keeping prices steady. To do this, the Global Juice Center established

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**Figure 2. Generic Representation of the Coca-Cola Juice Value Chain**

[Diagram showing the value chain from growers to end consumers, highlighting the role of the Coca-Cola Company and its bottlers.]
### The Coca-Cola Company’s Approach to Sustainable Agriculture

The Coca-Cola Company is focused on securing sustainable supplies of fruit and other agricultural commodities. Ingredients like fruits, tea, coffee, and sugar are core to Coca-Cola’s brands. The Company aims to ensure healthy and productive farmers and farmlands by working with governments, peer companies, suppliers, and NGO partners. The Company’s approach includes:

- Improving crop yields while protecting natural resources
- Building on farm-level innovation to drive systemic change on a crop-by-crop basis
- Empowering local communities and women farmers
- Building industry-wide collaboration

Cutting across these activities is a focus on mitigating the environmental impacts of agriculture, particularly water usage – which accounts for approximately 70% of water withdrawals worldwide. In 2012, the Company began a comprehensive baseline assessment to better understand supply and demand as well as risks and opportunities for the top 10 agricultural commodities on which its products and growth strategy depend. This assessment will lay the foundation for the Company’s agricultural commodity strategy going forward. The Company is also partnering with key suppliers to establish baselines and influence producers to improve the sustainability of crop production, focusing its initial efforts on sugarcane, oranges and forestry.

The Coca-Cola Company is also engaging with its suppliers on these issues through its Supplier Relationship Management Program and Supplier Sustainability Council, which provide opportunities for dialogue on business needs, stakeholder expectations, sustainability goals, and how the Company and its suppliers can work to meet these together.

### The Coca-Cola Company’s Central, East & West Africa Business Unit seeks to develop local sources of supply to reduce juice import costs and manage product affordability

In the Central, East & West Africa Business Unit (CEWABU), bottlers currently import juice and puree made with fruit from as far away as India and Ecuador – at prices that reflect the cost of shipping and import duties, sometimes through more than one country. Yet the region is blessed with good growing conditions for a wide range of fruits, including mango, passion fruit, and pineapple. As a result, CEWABU made a strategic decision to aim for 60% local sourcing for juice by 2014.

The Coca-Cola Company is also committed to good corporate citizenship and supporting national and international development goals.

Coca-Cola is the world’s most valuable brand, with important stakeholder relationships to nurture and protect at both the regional and global levels. As a result, the Company is committed to good corporate citizenship and contributing to national and international development goals, both because it is “the right thing to do” and because it makes good business sense. Among many core business and community investment activities, The Coca-Cola Company participates in the United Nations Global Compact, the World Economic Forum, the Clinton Global Initiative, and other development platforms and partnerships.

**The Bill & Melinda Gates Foundation** is a US-based charitable foundation established by Bill Gates, founder of Microsoft, and his wife Melinda Gates in 1994. Guided by the core belief that every life has equal value, the Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people’s health and giving them the chance to lift themselves out of hunger and extreme poverty. It has more than $35 billion in assets and has given $25 billion in grants since inception. The Foundation’s 2011 giving amounted to $3.4 billion; it has grantees in more than 100 countries...
and more than 1,000 employees. It is co-chaired by Bill and Melinda Gates and Bill Gates’ father, William H. Gates. Warren Buffett is a trustee.

To help people lift themselves out of hunger and extreme poverty, the Bill & Melinda Gates Foundation invests in sustainable agricultural productivity growth

The mission of the Gates Foundation’s Global Development program is to help people lift themselves out of hunger and extreme poverty. Its primary focus is agricultural development – which has been found to be two to four times more effective in raising the incomes of the very poor than growth in other industry sectors. Its agricultural development strategy promotes sustainable productivity by supporting research and development (R&D), strengthening the policy environment for agriculture, and improving access to knowledge, inputs, and markets for smallholder farmers. Between 2006 and 2011, the foundation gave almost $2 billion for this purpose. It is among the top five donors for agriculture in Sub-Saharan Africa, where 70% of people make their livelihoods in farming.

The Gates Foundation’s approach is to provide catalytic funding that can help farmers increase productivity and improve access to markets

In 2007, the foundation began working to create a portfolio that would improve access to knowledge, inputs, and markets for smallholder farmers by leveraging private sector investment. The portfolio included cash crops such as cocoa, coffee, cashew, cotton and fruit, important sources of income for millions of smallholder farmers in sub-Saharan Africa. The goal was to partner with companies to help smallholders overcome barriers to productivity and profitability by matching corporate cash and inkind investments in the development of sustainable and inclusive business models, effectively buying down the risk of learning to do business with smallholder farmers in ways that increase development impact. As evidence that its corporate partners believe those models make good business sense, and intend to continue them once donor funding ends, the foundation requires that their investments come out of their core operating budgets, not CSR or philanthropy budgets. The foundation also helps to convene the other partners that companies need, whether in business, government, or civil society.

Because many smallholder farmers grow fruit and multiple inefficiencies along the value chain mean they generally capture very little of its potential value, the fruit sector offered great potential for reach and impact. For example, smallholders are often vulnerable to crop diseases and pests, affecting their productivity; they face difficulties accessing quality inputs and the credit needed to buy them; they lack reliable market information and connections with buyers; and geographic dispersion and infrastructure problems drive up transportation costs. Fruit processing was particularly interesting to the foundation as a market for slightly bruised or damaged fruit that would not sell on the fresh fruit market, and was often left to rot on the ground as a result. It is estimated that up to 40% of certain fruit crops go to waste at the farm level.

The Gates Foundation recognized that Coca-Cola was the world’s largest juice company, and in an otherwise fragmented fruit market, it was an attractive potential partner. Another attractive partner was US-based international non-profit organization TechnoServe, which has a long history of helping farmers and farmers’ groups, as well as traders and processors, to tap into larger and more lucrative markets. TechnoServe also had prior experience working with the foundation.

TechnoServe is a US-based international non-profit organization that works with enterprising people in the developing world to build competitive farms, businesses and industries, with a focus on agriculture, alternative energy, and tourism. Its goal is to end poverty by expanding economic opportunity. In agriculture, TechnoServe helped 447,000 smallholder farmers sell $142 million worth of produce in 2011 alone. Founded in 1968 by businessman Ed Bullard,
the organization now works in more than 30 countries through more than 900 staff. Many staff members are former management consultants and industry experts, and most are nationals of the countries where they work.

**TechnoServe seeks to increase its impact on smallholder farmers by partnering with companies to build inclusive and sustainable value chains**

TechnoServe empowers smallholder farmers to improve their incomes and standards of living by helping them organize and operate as business groups, strengthen their agronomic and business skills, and connect with buyers in larger, more lucrative markets. Partnering with these buyers – or with even larger companies that buy from them – enables the organization to target its work for maximum impact. With companies’ input and feedback, TechnoServe can ensure that smallholders have just the skills, resources, and connections they need to supply the right product in the right volumes at the right levels of quality, and to become productive and reliable parts of the value chain.

A 2007 *Financial Times* survey rated TechnoServe one of the world’s top five NGOs for corporate partnerships. Partnering with a company of Coca-Cola’s size and sophistication offered an enormous opportunity – both to achieve sustainable impact for smallholders at scale, and to learn how to partner with companies even more effectively in the future.

**TechnoServe seeks to diversify its funding base**

Historically, foundations, bilateral donors, and multilateral organizations have funded most of TechnoServe’s work. However, growing interest among companies in developing inclusive business models and value chains has presented the opportunity for TechnoServe to diversify its funding base. Though foundations, bilaterals, and multilaterals are still important donors, companies also pay TechnoServe directly for its work – sometimes with matching funds from donors to cover broader development benefits that companies cannot recoup. Partnering with The Coca-Cola Company and the Gates Foundation established a large-scale, high-profile example of this model, and set an important precedent for the future.
Approach

Through Project Nurture, The Coca-Cola Company, the Gates Foundation, and TechnoServe intend to double the fruit incomes of more than 50,000 smallholder farmers in Kenya and Uganda by 2014. The partners are using a catalytic approach that combines core business investment and philanthropy to build inclusive value chains that generate both business benefit and development impact.

Core business investment in product development, marketing, supplier relationships, and procurement systems enables The Coca-Cola Company to satisfy its customers and create a market for the fruit that smallholder farmers produce. Minute Maid Mango, launched in September 2010 in Kenya and May 2011 in Uganda, was the first product to use locally sourced juice as a result of the project. Additional core business investment from the Company and philanthropic funding from the Gates Foundation cover the cost of farmer capacity development and market linkages, provided by TechnoServe. TechnoServe works to strengthen smallholder farmers’ agricultural and business skills and helps them organize into business groups to access inputs and finance, facilitate transactions with buyers, and improve their bargaining power. At the same time, TechnoServe connects farmers with companies offering quality inputs and with buyers in three primary markets:

- Fruit processing market
- Domestic and regional fresh fruit market
- Export fresh fruit market

While The Coca-Cola Company does not benefit from sales in the fresh fruit markets, the Company realizes that it cannot and should not absorb 100% of smallholder farmers’ production. Fruit fetches higher prices in the fresh market, where quality standards are higher. Fruit can be sold for processing at a lower price if it is slightly bruised or damaged – though quality standards still apply. Having multiple market channels for their fruit enables farmers to optimize their sales and revenues and reduces their dependence on any one buyer.

The Coca-Cola Company, the Gates Foundation, and TechnoServe have assembled a complex array of additional partners as well. The idea is not for the three founding partners to do everything themselves, but rather to identify and engage organizations with comparative advantages in the value chain and broader enabling environment, helping those organizations build the business case and capacity they need to work together even after Project Nurture ends. In this way, the founding partners aim to catalyze value creation not only during the 2010-2014 project period but also long into the future.
Results to date suggest that Project Nurture is contributing to both business and development goals, during the partnership period and beyond.

From a development perspective, the partnership is linking smallholder farmers into profitable, sustainable value chains where they can increase their incomes now and into the future – potentially enabling them and their families to eat more regular and nutritious diets, go to school, tap into better economic opportunities, and address health concerns as they arise. Recognizing the central role women play in making spending decisions that benefit the family, the partners have reached out to women farmers specifically. This also aligns with The Coca-Cola Company’s 5by20 commitment to economically empower five million women within the Coca-Cola value chain by 2020 (see box below).  

From a business perspective, Project Nurture is developing new sources of fresh mango and passion fruit, mango puree, and passion fruit concentrate to meet the needs of The Coca-Cola Company’s growing juice business. More generally, the partnership is testing and refining a model for developing new, inclusive, and sustainable sources of supply that is already starting to be applied to other commodities in other parts of the world. In replicating the model, The Coca-Cola Company will not only multiply its business benefits, but its development impact as well.

Project Nurture’s business and development goals are inextricably linked, each serving to reinforce the other. Profitable business activity creates economic opportunity for farmers, offering them additional income and the stability, resilience, health, education, and other benefits that come with it. Those benefits, in turn, enable farmers to supply high-quality fruit on a consistent basis, contributing to supply chain security and business growth.

### Empowering Women Farmers

Women play critical roles in agriculture in developing countries, working on the farm, running farming households, and taking on other jobs to supplement household farming incomes. Across developing countries, women make up 43% of the agricultural labor force. In the Project Nurture countries of Kenya and Uganda, that figure is closer to 75%. However, women’s yields are lower than men’s as a result of limited access to improved seeds and other inputs, agricultural and business skills training, and access to markets. Equalizing access to these resources could increase women’s yields by 20-30%.

The Coca-Cola Company has experienced the importance of women not only in agriculture but throughout its value chain. The Company’s 5by20 initiative aims to enable the economic empowerment of five million of these women by 2020, strengthening them in their roles and enabling them to grow even further. 5by20 addresses the most common barriers women face in the marketplace through programs and partnerships that offer access to business skills training, financial services, and connections with peers and mentors.

Project Nurture is one such partnership. TechnoServe is implementing a comprehensive gender strategy that addresses the barriers women face to equal participation in its own training programs and in their households, Producer Business Groups (PBGs), and communities. For example, the organization trains its trainers in facilitation techniques that encourage women to speak up, and makes sure that the location and timing of training sessions do not inadvertently prevent women from attending. During training sessions, TechnoServe trainers raise awareness of the benefits of gender equality and of the leadership skills and traits that women possess. They encourage PBG members to work together to identify barriers to women’s participation in group leadership and to develop strategies to overcome them, sometimes setting targets for women’s representation.

Project Nurture aims to reach at least 15,000 women farmers out of more than 50,000 overall. As of October 2012, the partnership had reached 14,000 women farmers out of 42,000 overall, for a total of 33%. Women make up 38% of the leadership of the PBGs to which they belong.
**Figure 3. Project Nurture Objectives and Achievements To Date**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Achievements To Date</th>
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</thead>
</table>
| 1. Double the fruit income for over 50,000 smallholder mango and passion fruit farmers through improved production and supply chain linkages | • More than 42,000 farmers in approximately 1,300 Producer Business Groups participate in the program, 14,000 of them women  
• Through a combination of increased volume sales and improved quality, participating farmers’ annual fruit incomes have, on average, already more than doubled  
• The Coca-Cola Company’s local juice business was launched in September 2010 in Kenya and May 2011 in Uganda  
• Kenya-based Sunny Processors Ltd and Allfruit EPZ Ltd were approved to supply mango puree to Coca-Cola’s bottling partners  
• These two processors now supply 100% of the mango puree for Minute Maid Mango in Kenya, Uganda, the Democratic Republic of Congo, Zimbabwe, and South Africa  
• Volume sales of mango by participating farmers in Kenya and Uganda have more than doubled; volume sales of passion fruit in Uganda have also more than doubled  
• More than 36,000 metric tons of fresh fruit from Project Nurture have been harvested and sold  
• Farm gate prices for passion fruit in Kenya and for mango and passion fruit in Uganda have increased  
• Project farmers are now selling into three market channels: fruit processing, fresh domestic, and fresh export (17%, 80%, and 3% respectively as of October 2012)  
• 297 loans worth $115,300 have been disbursed to finance passion fruit farming start-up costs such as seeds, seedlings, poles, and wires  
• Several private nurseries have been supported to increase the quantity and quality of passion fruit seedlings available to farmers  
• Minute Maid Mango is profitable  
• The Coca-Cola Company expects to recoup its investment in Project Nurture several times over in the next 3-5 years through cost optimization and replication in other countries  
• The Company has implemented key elements of the model in Haiti and India; further replication is under consideration in Zimbabwe, Nigeria, and/or Ghana  
• TechnoServe also plans to replicate the model in future partnerships with multinational companies, local businesses, and governments  
• Having supported several such partnerships for higher-value cash crops, the foundation is now leaving replication to the private sector and governments, and looking to establish similar additional partnerships for widely-grown staple crops such as rice, maize, and cassava |
Roles and Responsibilities Along the Value Chain

Project Nurture brings together a complex array of players, each with a distinct role to play in building or operating inclusive and sustainable mango and passion fruit value chains. These roles include providing agronomic and business skills training for farmers; cultivating and selling clean planting material; making and servicing loans; purchasing, trading, processing, retailing, and exporting fruit; and manufacturing and marketing value-added products that use fruit as an ingredient. They are summarized in Figures 4 and 5.

The Coca-Cola Company

Multiple divisions of The Coca-Cola Company play roles in Project Nurture, along the value chain and in project management and governance (which will be described in the next section).

The Central, East & West Africa Business Unit (CEWABU) leads Project Nurture for The Company, with the Company’s $4 million cash contribution coming from the business unit and a supply chain manager from the still beverages division serving as project manager. CEWABU plays a central role in creating demand for smallholder farmers’ produce within the processed fruit channel by spearheading the growth of the Company’s juice business in the region. In Central, East & West Africa, per capita juice consumption is low, so CEWABU must work not only to increase Coca-Cola’s own volume and market share, but also to grow the entire juice category. It launched Minute Maid Mango in Kenya in September 2010 and Uganda in May 2011. Along the value chain, CEWABU works with bottlers in the region to set targets and develop strategies for juice business growth. It supports their efforts with consumer brand marketing. In addition, together with G2G, CEWABU works to develop local sources of supply for its juices – for example, identifying promising processors like Sunny and Allfruit and supporting them in their efforts to gain approval as suppliers to the Coca-Cola system.

Grove 2 Glass Trading Services GmbH (G2G) is a Company subsidiary that serves as the procurement arm of Coca-Cola’s Global Juice Center. G2G is responsible for fruit juice and puree purchases for the entire Coca-Cola system around the world, and in this capacity, has worked with CEWABU to bring processors Sunny and Allfruit into the supply chain. G2G also contracts with Sunny and Allfruit to supply Coca-Cola Juices Kenya, Century Bottling Company, and other bottlers, aggregating demand to offer large orders and obtain bulk pricing.

The Research and Innovation (R&I) team tests new ingredients and develops new Coca-Cola products. Based in Brussels, R&I supports Project Nurture by analyzing the fruits grown in project areas, assessing their suitability for processing, and coming up with product ideas around them – including juice blends, fruit bits, and flavor extracts that can be used in sparkling beverages. This work is important not only to Project Nurture, but beyond – in so doing, The Coca-Cola Company is helping to bring new mango varieties onto the world market, establishing alternatives to the current benchmark varieties from India.

Public Affairs and Communications (PAC) manages media and external stakeholder relations for Project Nurture. With team members at the business unit level in Nairobi and at corporate headquarters in Atlanta, PAC fields inquiries and communicates to a broad audience about the Coca-Cola system’s involvement in the project, its objectives, its progress, and its impact on local communities, particularly smallholder farmers. PAC also manages relations among the Company, the Gates Foundation, and TechnoServe at a global headquarters level.

The Chief Sustainability Office (CSO) oversees Project Nurture and a range of similar pilots around the world, assessing impact, and using the lessons learned to develop The Coca-Cola Company’s sustainable agriculture strategy and manage progress against its targets and commitments.
### Figure 4. Project Nurture Partner Roles

<table>
<thead>
<tr>
<th>Partner</th>
<th>Role</th>
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</thead>
<tbody>
<tr>
<td><strong>The Coca-Cola Company</strong></td>
<td>Contributed $4 million in cash to fund TechnoServe; provides day-to-day project management for the partnership. Spearheads growth of Coca-Cola’s juice business in the region and works with G2G to develop local sources of supply like Sunny and Allfruit.</td>
</tr>
<tr>
<td>Grove 2 Glass Trading Services GmbH</td>
<td>TCCC subsidiary that serves as procurement arm for the Global Juice Center, responsible for fruit juice and puree purchases for the Coca-Cola system; works to develop local sources of supply like Sunny and Allfruit.</td>
</tr>
<tr>
<td>Research &amp; Innovation Team (R&amp;I)</td>
<td>Analyzes fruits grown in project areas, assessing suitability for processing, and comes up with product ideas including juice blends, fruit bits, and flavor extracts.</td>
</tr>
<tr>
<td>Public Affairs &amp; Communications</td>
<td>Manages media and external stakeholder relations for Project Nurture; facilitates partner relations at the global level.</td>
</tr>
<tr>
<td>Chief Sustainability Office</td>
<td>Oversees and uses lessons learned from Project Nurture and other pilots to develop the Company’s sustainable agriculture strategy and manage progress against targets</td>
</tr>
<tr>
<td><strong>Donor</strong></td>
<td></td>
</tr>
<tr>
<td>Bill &amp; Melinda Gates Foundation</td>
<td>Contributed $7.5 million in cash to fund TechnoServe; played critical up-front role convening the partners and designing Project Nurture; provides strategic direction and oversight on the Steering Committee.</td>
</tr>
<tr>
<td><strong>Value Chain Facilitator</strong></td>
<td>Provides farmers with agricultural and business skills training; strengthens farmers’ business groups; and connects farmers with inputs, credit, and buyers. Also works with buyers to strengthen their smallholder procurement systems.</td>
</tr>
<tr>
<td><strong>Other Farmer Support Services Providers</strong></td>
<td></td>
</tr>
<tr>
<td>Real IPM</td>
<td>Developed manuals for mango and passion fruit production; supports TechnoServe and farmers with agronomic expertise.</td>
</tr>
<tr>
<td>Farm Concern International (Kenya)</td>
<td>Complements TechnoServe’s role supporting farmers and farmers’ business groups in Eastern Kenya.</td>
</tr>
<tr>
<td>Agribusiness Management Associates (Uganda)</td>
<td>Complements TechnoServe’s role supporting farmers and farmers’ business groups in Uganda.</td>
</tr>
<tr>
<td><strong>Agricultural Research Institutes</strong></td>
<td></td>
</tr>
<tr>
<td>Kenya Agricultural Research Institute</td>
<td>Developed improved varieties of sweet yellow passion fruit; uses funding from TechnoServe to cultivate seeds and seedlings for sale to nurseries and farmers.</td>
</tr>
<tr>
<td>National Crops Resources Research Institute (Uganda)</td>
<td>Developed improved variety of yellow passion fruit; uses funding from TechnoServe to cultivate seeds for sale to nurseries and farmers.</td>
</tr>
<tr>
<td><strong>Financial Institutions</strong></td>
<td></td>
</tr>
<tr>
<td>Equity Bank (Kenya)</td>
<td>Provides financing for Project Nurture farmers taking up passion fruit production.</td>
</tr>
<tr>
<td>Centenary Bank (Uganda)</td>
<td>Provides financing for Project Nurture farmers taking up passion fruit production.</td>
</tr>
<tr>
<td><strong>Processors</strong></td>
<td></td>
</tr>
<tr>
<td>Sunny Processors Ltd (Kenya)</td>
<td>Purchases Ngowe mangoes from Project Nurture farmers; produces mango puree for sale to Coca-Cola bottlers.</td>
</tr>
<tr>
<td>Allfruit EPZ Ltd (Kenya)</td>
<td>Purchases Ngowe mangoes from Project Nurture farmers; produces mango puree for sale to Coca-Cola bottlers.</td>
</tr>
<tr>
<td><strong>Beverage Manufacturers</strong></td>
<td></td>
</tr>
<tr>
<td>Coca-Cola Juices Kenya Ltd</td>
<td>Purchases mango puree from Sunny; manufactures Coca-Cola’s Minute Maid Mango juice and sells it to other bottlers for distribution.</td>
</tr>
<tr>
<td>Century Bottling Company (Uganda)</td>
<td>Purchases mango puree from Sunny and Allfruit; manufactures and distributes Coca-Cola’s Minute Maid Mango juice.</td>
</tr>
<tr>
<td>Britannia Allied Industries (Uganda)</td>
<td>Purchases Sena mangoes from Project Nurture farmers for use in its own Ladid brand mango juice.</td>
</tr>
<tr>
<td><strong>Exporter</strong></td>
<td></td>
</tr>
<tr>
<td>East African Growers (Kenya)</td>
<td>Purchases high-quality mangoes from Project Nurture farmers for fresh market exports.</td>
</tr>
<tr>
<td><strong>National Governments</strong></td>
<td></td>
</tr>
<tr>
<td>Kenyan Ministry of Agriculture</td>
<td>Provides strategic direction and oversight on the Steering Committee.</td>
</tr>
<tr>
<td>Ugandan Ministry of Agriculture, Animal Industries and Fisheries</td>
<td>Provides strategic direction and oversight on the Steering Committee.</td>
</tr>
</tbody>
</table>
Figure 5. The Project Nurture Mango and Passion Fruit Value Chain
Figure 5. The Project Nurture Mango and Passion Fruit Value Chain
Donor

The Bill & Melinda Gates Foundation is providing $7.5 million in grant funding to support TechnoServe’s activities. The foundation typically provides a dollar for dollar match of corporate partners’ financial contributions and a percentage match of its partners’ in-kind contributions in R&D, capital investments, technical assistance, and purchase guarantees in direct support of the initiative. These in-kind contributions leverage corporate partners’ core competencies and are considered a critical component of the match. In Project Nurture, to achieve the necessary scale and economic viability of the smallholder-based fruit supply chain and to ensure a robust value proposition to the farmers, it was also important to support the development of additional marketing channels beyond fruit processing for juice, such as the lucrative fresh market, which actually comprises the bulk of smallholder farmers’ sales. As a result, the foundation provided additional funding, beyond matching Coca-Cola’s $4 million cash and $1.5 million in-kind contributions. In addition to funding, the foundation played a critical role in mobilizing and developing the Project Nurture partnership, and continues to play an active role in partnership governance, as described in the next section.

Value Chain Facilitator

TechnoServe leads Project Nurture’s work with farmers, with funding from the Gates Foundation and The Coca-Cola Company. The organization is responsible for recruiting farmers to participate and supporting them at four levels:

- **Improving farm productivity and quality:** TechnoServe trains farmers in agronomic techniques to improve productivity and quality both directly and through contractors, including Real IPM and Farm Concern International in Kenya and Agribusiness Management Associates in Uganda. Training takes place at model farms, where techniques can be demonstrated and results observed. These sessions are supplemented by Community Extension Service Providers (CESPs), individuals from participating farming communities who are trained and paid a stipend to support farmers on a day-to-day basis as they have questions or as issues arise. Issues that cannot be addressed at the local level can be referred to TechnoServe and Real IPM staff on call. In Kenya, TechnoServe is also disseminating key information via Twitter, which most farmers can follow on their cell phones.

- **Connecting farmers with sources of inputs and credit:** As part of the agronomic training and support farmers receive, they learn which inputs they need – such as pesticides or fruit fly traps – and where to purchase them. In addition, TechnoServe has actively identified sources of planting material and credit and connected farmers to them. For instance, because passion fruit is highly susceptible to disease, the organization has provided funding to help the Kenya Agricultural Research Institute (KARI) produce and commercialize seeds of improved varieties of Sweet Yellow Passion Fruit (SYP). TechnoServe has also created a market for those seeds by raising farmers’ awareness of SYP’s positive attributes – such as disease resistance, sweetness, and high juice content – and by encouraging private nurseries to cultivate seedlings to sell to the farmers. Because this passion fruit variety is a new crop for many farmers, TechnoServe has also forged relationships with two banks, Equity Bank in Kenya and Centenary Bank in Uganda, to provide credit to farmers needing to finance start-up costs like seeds, seedlings, poles, and wires.

- **Strengthening farmers’ groups:** It can be difficult for individual smallholder farmers – sometimes with as few as 10 mango trees – to participate in markets effectively on their own. So TechnoServe works to strengthen farmers’ groups, called Producer Business Groups (PBGs), with governance and business skills training. PBGs serve as collective marketing organizations, giving farmers more bargaining power and enabling buyers to reach them more cost-effectively.
Building market linkages: Finally, TechnoServe works to connect PBGs with buyers in several different channels, as depicted in Figure 5: fruit processing, fresh domestic and regional markets, and fresh export markets. The organization has mapped the players in these markets along the entire value chain. It now reaches out to these players, framing the business case for buying from Project Nurture farmers and establishing connections. Often the first link is a trader, who TechnoServe will connect with participating farmers by helping to develop route maps and pick-up schedules. TechnoServe has also built more direct connections between farmers and larger buyers, including East African Growers, a fresh produce exporter in Kenya, and Britania, a beverage manufacturer outside of the Coca-Cola system in Uganda. TechnoServe has worked with these companies to develop strong, efficient systems for procuring from smallholder farmers.

Other Farmer Support Services Providers

Part of Project Nurture’s strategy for sustainable impact is local institutional capacity-building. As part of this strategy, the Gates Foundation required that at least 20% of its grant to TechnoServe be sub-granted to local organizations that could support and complement its work with specialized knowledge, skills, local connections or implementation capacity. TechnoServe oversees and pays these organizations for their work.

Real IPM is a Kenyan company that markets affordable, biological crop protection products in Kenya, South Africa, Ethiopia, and other African countries as well as Europe and Canada. The company also provides its customers with technical support. Within Project Nurture, Real IPM’s role is to support TechnoServe staff, CESP’s, and farmers in both Kenya and Uganda with agronomic expertise. Real IPM developed manuals for good agricultural practices and environmental stewardship in mango and passion fruit production, which form the technical basis for all Project Nurture training activities and are publicly available for use outside the partnership. Real IPM also supports CESP’s and farmers through refresher trainings and individual guidance upon referral.

Farm Concern International (FCI) is a non-governmental organization that works to build pro-poor business models and value chains and to increase smallholder farmers’ competitiveness in the marketplace. On its own, FCI has received more than $5.5 million from the Gates Foundation to create effective marketing mechanisms for smallholder horticultural production in Kenya, Tanzania, Malawi, and Rwanda. Within Project Nurture, FCI is TechnoServe’s local partner in Kenya. In Mbeere, in eastern Kenya, FCI takes the lead in mobilizing farmers, supporting PBG formation, and providing agricultural, business, and financial skills training. The organization connects PBGs with traders channeling fruit into the fruit processing, fresh domestic and regional, and export markets. FCI also monitors project implementation in Mbeere as part of the Project Nurture monitoring and evaluation (M&E) plan. Outside of Mbeere, FCI provides logistical support for training-of-trainers and farmer exchange visits to markets and processing facilities. FCI coordinates closely with TechnoServe to ensure that their respective trainings are complementary and mutually reinforcing.

Agribusiness Management Associates (AMA) Uganda Ltd. is a private company offering agribusiness development and management services, including marketing and institutional capacity-building for smallholder farmers and their organizations. Within Project Nurture, AMA is TechnoServe’s local partner in Uganda. The organization works with TechnoServe and Real IPM to design trainings; provides field-based technical training and advice; identifies CESP’s; and supports them to train the members of their PBGs. AMA also facilitates farmer visits to successful PBGs and provides logistical support for training-of-trainers sessions and refresher courses.
Agricultural Research Institutes

The Kenya Agricultural Research Institute (KARI), founded in 1979, is a Kenyan government entity that focuses on food, horticultural, and industrial crops; animal production and health; socioeconomic and biometrics of crops, livestock, and natural resources; and land and water management. For more than 20 years, KARI has used funding from international donors to develop new varieties of Sweet Yellow Passion Fruit (SYP) featuring heightened disease resistance, greater sweetness, higher juice content for processing, and higher yields. Project Nurture has offered KARI the opportunity to commercialize those new varieties. TechnoServe has provided funding to enable the institute to cultivate and sell seeds and seedlings, and connected it to customers including farmers and private nurseries. TechnoServe has also worked to raise awareness of SYP, which was not well known in the market, for example by involving KARI representatives in farmer trainings.

The National Crops Resources Research Institute (NaCCRI) was founded in 1949 by the Empire Cotton Growing Corporation of Britain and handed over to the Ugandan government in 1972. In the 1980s NaCCRI expanded beyond cotton, and now focuses on fruits and vegetables, beans, cassava, coffee, cereals, and sweet potatoes. NaCCRI had developed an improved variety of yellow passion fruit called the Kawnda hybrid, and Project Nurture offered the opportunity to commercialize it. TechnoServe has provided funding to enable the institute to cultivate seeds for the Kawnda variety and a traditional variety already grown by local farmers for sale to private nurseries and to farmers directly. The initiative is still in its early stages.

Financial Institutions

Equity Bank, founded in 1984, is the largest bank in terms of customer base in Africa, with more than eight million customers in Kenya, Uganda, South Sudan, Rwanda, and Tanzania. Its mission is to offer inclusive financial services that socially and economically empower its clients and other stakeholders. Within Project Nurture, Equity Bank finances smallholder farmers taking up passion fruit cultivation in Kenya. First, the bank conducts eight-week trainings with farmers, building financial literacy and helping them to form lending groups, or “cells.” The bank then lends to qualifying individuals, with the other members of their cells serving as guarantors. Cell members also help identify household items, such as furniture, that can be used as collateral. TechnoServe has provided Equity Bank with a $200,000 cash guarantee, but the bank considers the group co-guarantee and collateral sufficient hedge against the risk an individual borrower will default. Instead, TechnoServe’s guarantee serves as protection against systemic shocks, such as a drought, that would reduce farmers’ ability to repay their loans across the board. Equity Bank is also able to invest that money, using the earnings to help compensate for the reduced rates it offers Project Nurture farmers: 13%, compared to a market rate of approximately 17% when the agreement was signed. Project Nurture also introduces Equity Bank to new clients, an added incentive for the bank to offer these reduced rates. In previous partnerships, the bank has found that these clients often remain customers when the partnership ends, utilizing additional services and paying full market rates when they need new loans.

Centenary Bank, founded in 1983, is the sixth largest bank in Uganda and the second largest indigenous Ugandan bank. It is involved in all areas of commercial banking, with an emphasis on microfinance and loans to smallholder farmers, agricultural processors, small manufacturers and traders, importers, and exporters. Within Project Nurture, Centenary Bank finances smallholder farmers taking up passion fruit cultivation in Uganda. As per its protocol, the bank conducts training on the value of savings, credit terms and loan management. Like Equity Bank, Centenary Bank lends to individual farmers using household items as collateral, but without the group co-guarantee. As a result, the bank counts on a $100,000 cash guarantee from TechnoServe to help protect it in the event an individual borrower defaults. The guarantee also serves as protection against systemic shocks. Centenary Bank
does not earn interest on the guarantee; however, the bank agreed to fix the interest rate at 23%, approximately the market rate at the time. As with Equity Bank, Project Nurture introduces Centenary Bank to new clients who may remain customers when the partnership ends, utilizing additional services and paying full market rates when they need new loans.

**Processors**

**Sunny Processors Limited (Sunny),** established in 2006, is a fruit processor based in Ruiru in Kenya. Sunny was the first processor approved to supply the Coca-Cola system under Project Nurture. The company has procured mangoes from Project Nurture farmers for two seasons, with the third season approaching. The company processes those mangoes into puree, which it then contracts with G2G to supply to bottlers in various countries, including Coca-Cola Juices in Kenya, Century Bottling Company in Uganda, and other bottlers in the Democratic Republic of Congo, South Africa, and Zimbabwe. Each batch of puree is submitted to chemical, physical, and micro-biological tests at the processing plant, and samples are then sent to Coca-Cola Midi in France for certification. For Sunny, supplying the Coca-Cola system is a good alternative to selling through agents, who are not as transparent about their customers’ needs, the prices they receive, and the margins they take. In addition, if Coca-Cola’s juice business grows as planned, it creates significant opportunity for Sunny’s to grow, too. Going forward, TechnoServe will be helping Sunny tailor its procurement system to reach Project Nurture farmers more directly and effectively, building on its success and lessons learned in working with Britania in Uganda (described below).

**Allfruit EPZ Ltd (Allfruit),** established in 2008, is a fruit and vegetable processor based in Mombasa in Kenya. The company focuses on mango, yellow passion fruit, and chilies. Allfruit is the second processor approved to supply the Coca-Cola system under Project Nurture. It has procured mangoes from Project Nurture farmers for one season, with the second season approaching. Because it is located in the coastal region of Kenya, where Ngowe, the mango that goes into Minute Maid Mango, grows best, the company benefits from lower transportation costs for fresh fruit. Allfruit’s relationship with the Coca-Cola system works the same way as Sunny’s, with G2G contracting the company to supply mango puree to various bottlers, and Coca-Cola Midi testing samples from each batch for quality and safety.

**Beverage Manufacturers**

**Coca-Cola Juices Kenya Ltd,** founded in 2002 and based in Nairobi’s industrial area, is a Coca-Cola bottling partner focused on manufacturing still beverages – including water and juices – for the regional market. Because it is relatively new to the market, unlike most bottlers, it does not operate its own distribution system, but rather sells finished product to six other Kenyan bottlers that focus on sparkling beverages and already have well-developed distribution systems throughout the country – including small-scale Micro Distribution Centers that serve the ubiquitous small shops and kiosks in crowded, urban areas with frequent, small deliveries of product. Coca-Cola Juices also exports finished product to Uganda, Tanzania, Mauritius, Zimbabwe, Zambia, and Djibouti. The company sources 100% of the mango puree for Minute Maid Mango from Sunny according to contracts negotiated by G2G.

**Century Bottling Company (CBC),** acquired by Coca-Cola Sabco in 1995, is Coca-Cola’s bottling partner in Uganda, manufacturing still and sparkling beverages in facilities in Mbarara in Western Uganda and in Namanve just outside the capital city of Kampala. CBC distributes product directly through 265 Micro Distribution Centers serving small shops and kiosks and through more traditional methods, such as lorry truck, to larger customers. CBC sources 100% of the mango puree for Minute Maid Mango from Sunny and Allfruit in Kenya according to contracts negotiated by G2G with support from Coca-Cola Sabco.
Britania Allied Industries Ltd (Britania) was established in Uganda in 1992 as a bread and biscuit maker, and later diversified to include fruit and vegetable processing and the production of juices. Unlike CCJK and CBC, Britania does not supply the Coca-Cola system; rather, its juice brands compete with The Coca-Cola Company’s. Britania procures and processes mangoes from Project Nurture farmers in Uganda, where the Ngwe variety required for Minute Maid Mango does not grow. The company uses the local Sena variety mango for its Ladid brand marketed in Uganda and South Sudan. TechnoServe has helped the company develop a procurement system targeting Project Nurture farmers, including designated agents, pick-up schedules, route maps, and forums like factory visits for communicating directly with farmers about demand, quality specifications, and prices.

Exporter

East African Growers (EAG), based in Nairobi, is a leading grower, processor, packer, and exporter of vegetables, fruits, and flowers to premium markets primarily in Europe. EAG sources high-quality mangoes from Project Nurture farmers in Kenya. TechnoServe has helped EAG establish relatively direct connections – through company staff or in some cases a single middleman – enabling the company to capture a greater share of the value than if it were to rely on longer supply chains. EAG joins farmer training sessions to explain quality specifications for exportable fruit, and to provide guidance on production, harvesting and packing. At such meetings EAG also communicates its volume demands for the season.

National Governments

The Kenyan Ministry of Agriculture (MOA) participates with nine other ministries in the Kenyan government’s Agriculture Sector Coordination Unit, which was established in 2005 to address the fragmentation of responsibilities across ministries tasked with implementing the Strategy for Revitalizing Agriculture in Kenya. Today, it seeks to transform agriculture from a subsistence activity into a business activity offering income growth and rising standards of living for its citizens, in line with the government’s Agriculture Sector Development Strategy 2010-2020. As part of this vision, the Kenyan government has put special emphasis on high-value horticultural crops and on partnering strategies. The MOA sees Project Nurture as a welcome contribution to these priorities. Dr. Wilson Songa, Agriculture Secretary, participates in partnership governance as part of the Project Nurture Steering Committee, described in the next section.

The Ugandan Ministry of Agriculture, Animal Industries and Fisheries (MAAIF) also participates in partnership governance for Project Nurture, with Dr. Okaasai Opolot, Director of Crop Resources, serving on the Steering Committee. Project Nurture fits squarely within the Ugandan government’s five-year Agriculture Sector Development Strategy and Investment Plan 2010/11-2014/15, which prioritizes productivity and market access. For agriculture and other sectors, the Ugandan government is pursuing public-private partnerships through forums like the Presidential Investment Roundtable, designed to attract investment and catalyze development.
With three founding partners and a host of others involved, clear operating and governance structures are critical.

**The TechnoServe and CEWABU Project Teams** drive day-to-day operations for Project Nurture. The TechnoServe Project Team is comprised of the Project Nurture Director, Monitoring & Evaluation Manager, Budget Analyst, and Kenya and Uganda staff. They contract and oversee sub-contractors and other partners, including Real IPM, FCI, AMA, KARI, NaCCRI, Equity Bank, and Centenary Bank. The CEWABU Project Team is comprised of staff from the stills business and the public affairs and communications, finance, and innovation units, and it reports monthly to the CEWABU President and Directors. Each of the two Project Teams meets once a week or more, and they coordinate with one another as needed.

**The Core Operating Team** brings key Project Team members together with strategic and technical experts from The Coca-Cola Company and TechnoServe to share progress, discuss key issues, brainstorm solutions, and decide on next steps. The Core Operating Team also channels information and concerns to the Steering Committee and Advisory Group for additional guidance. Members include the TechnoServe Project Nurture Director and Deputy Director for the East Africa Region, the CEWABU General Manager and Supply Chain Manager of Still Beverages, the G2G Global Category Leader for Juice Procurement and Juice Procurement Manager for Africa, and representatives of R&I. As needed, subject matter experts supported by the Gates Foundation also participate to advise on specific issues, such as opening up European retail markets. They interact via monthly conference calls and quarterly meetings and report semi-annually to the Steering Committee.

**The Steering Committee** provides strategic direction for Project Nurture, using reports from the Core Operating Team to assess progress, make key decisions, and resolve any conflicts that cannot be managed closer to the ground. The Steering Committee also advises the Core Operating Team on relevant macro-level issues and trends, including new opportunities and technologies, changes in policy and world food prices, and dynamics in national, regional and global markets. Members include the CEWABU President, the Global Juice Center General Manager, the Gates Foundation Program Officer, the TechnoServe East Africa Regional Director, and the Kenyan government’s Agriculture Secretary and the Ugandan government’s Director of Crops. The Steering Committee meets on a semi-annual basis. Should the Steering Committee put an issue to a vote, each organization casts a single ballot (i.e., CEWABU and the Global Juice Center vote together as The Coca-Cola Company). To date, the Steering Committee has not had to vote, instead reaching consensus on ways forward based on data-driven analysis.

**The Advisory Group** complements the strategic direction provided by the Steering Committee by providing more frequent guidance and support to the Core Operating Team through monthly calls. Together, the Advisory Group and Core Operating Team assess progress, share lessons learned, identify challenges and risks, and talk about solutions and next steps. The Advisory Group is comprised of the Gates Foundation Program Officer, Coca-Cola Company Public Affairs and Communications staff from headquarters in Atlanta, and the TechnoServe East Africa Regional Director.

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**Figure 6. Operating and Governance Structures**

![Operating and Governance Structures Diagram](image-url)
Monitoring and Evaluation

Monitoring and evaluation (M&E) is a critical part of partnership operations, enabling Project Nurture to spot issues and trends, course-correct as needed, and leverage what is working well.

TechnoServe is responsible for M&E related to Project Nurture’s development impact. Using a “logical framework” model, the organization tracks a wide range of outputs, including numbers of participating farmers, numbers of participating farmers implementing good agricultural practices, numbers of Producer Business Groups, and sales volumes. These outputs contribute to outcomes including increases in productivity and the levels of service that PBGs offer their members. These outcomes, in turn, contribute toward the overall goal of increasing smallholder farmers’ fruit incomes.

That goal contributes to the “super goal” of improving smallholders’ lives in ways that go beyond income. Project Nurture’s outcome, goal, and super goal targets and indicators are depicted in Figure 7.

TechnoServe monitors output and outcome indicators regularly, using a variety of information sources. These include weekly updates from TechnoServe staff and training partners, weekly sales reports from PBGs, bi-weekly fruit quality reports from processors, quarterly farmer case studies, and semi-annual purchasing and lending reports from processors and banks, among others. This data is aggregated and combined with farmer surveys to monitor goal and super goal indicators on an annual basis. TechnoServe conducted a baseline study at the beginning of Project Nurture, and will commission a third party evaluation when the project ends. Of note, TechnoServe monitors Project Nurture’s impact on women explicitly, collecting gender-disaggregated data for relevant outputs, outcomes, and goals and looking at gender-specific indicators like women’s participation in PBG meetings, women’s access to and control over income, and women’s influence over household decision-making.

The Coca-Cola Company is responsible for tracking Project Nurture’s business results, such as the profitability of Minute Maid Mango (the product that uses puree made from fruit from participating farmers) and the return on its $4 million cash investment (paid to TechnoServe). Minute Maid Mango is currently profitable, though there remains room to optimize costs by streamlining the value chain even further and helping processors reduce their operating costs. CEBWABU expects to recoup its $4 million cash investment several times over in the next three to five years by implementing these cost optimization measures and by replicating key elements of the Project Nurture to capture benefits in other countries and commodities.

Project Nurture’s Core Operating Team and Steering Committee are the partnership’s first and second lines of defense when it comes to accountability for results. At the same time, M&E feeds into a last line of defense, which is that annual funding disbursements from the Gates Foundation and The Coca-Cola Company to TechnoServe depend on the extent to which the project’s development impact targets are achieved. The donors can choose to disburse funds in full, in part, or not at all.
Next Steps

With one year remaining in Uganda and a year and a half remaining in Kenya, where the mango season ends later, the Project Nurture partners are focused on ensuring sustainability and scale of impact in the two project countries as well as gearing up for replication in other markets.

Ensuring sustainability and scale of impact in Kenya and Uganda

Project Nurture is on track to meet its overarching objective of doubling the fruit incomes of more than 50,000 smallholder farmers in Kenya and Uganda. The partners are now taking steps to maximize the gains that can be made by the time the project ends – and to make sure those gains are sustainable.

• **Further aggregating farmers:** Existing Producer Business Groups aggregate farmers into groups, giving farmers more bargaining power than they would have on their own and enabling buyers reach them more cost-effectively. However, PBGs are still relatively small, with 30-50 farmers each, and because they are not legal entities, they are limited in what they can do. As a result, TechnoServe has begun to help PBGs join together in larger, more formal groupings called Market Service Centers (MSCs). The target is to have four MSCs operational by the end of Project Nurture. These MSCs will aggregate approximately 10 PBGs each to facilitate buyer interaction even more. As legal entities, they will also be able to attract investment and provide a broad range of needed agricultural goods and services, ranging from inputs to transport, as well as marketing opportunities for products other than fruit to their members.

• **Ensuring sustained access to farmer support services:** Project Nurture farmers are still in the process of improving production and learning how to deal most effectively with buyers in the various market channels. In addition, markets are always changing, and farmers will need new information, new skills, and even new structures – like the MSCs – to keep up. As a result, TechnoServe is exploring a variety of strategies for sustaining farmers’ access to support services when the organization exits in 2014. These include helping Community Extension Service Providers establish themselves as independent businesspeople; inviting government extension agents to its trainings; and building the capacity of large buyers – such as East African Growers, Sunny, and Britannia – to work more directly with the smallholder farmers that supply them.

• **Using Project Nurture passion fruit juice in Coca-Cola juice beverages:** The Company is currently testing passion fruit concentrate grown and processed in Kenya, and comparing it to concentrate from other sources. If it proves competitive, there will be a need to increase the volume of passion fruit grown and available to purchase. Here TechnoServe’s work with nurseries to develop clean planting material for interested farmers will be key.

• **Encouraging farmers to plant new mango varieties:** The Company has spent significant time, effort, and resources testing the varieties of mango and passion fruit grown by Project Nurture farmers. While some have proven ideal for juice – like Ngowe, Apple, and Tommy Atkins – other varieties, especially in Uganda, have proven sub-optimal for reasons of flavor, sweetness, fibrousness, or juice content. As a result of the testing, the partners can now encourage farmers to plant more of the varieties with the best markets. However, encouraging farmers to plant new trees is very different than helping them improve yields from existing trees. It requires farmers to invest, with a payback period that may be years long. This underscores the importance of sustaining farmers’ access to support services after Project Nurture ends.

• **Using additional mango varieties in Coca-Cola beverages:** The Company is launching a new product using the Apple variety mango in the Democratic Republic of Congo in early 2013.
Its 5Alive brand in the United Kingdom will use five different varieties, including both Ngowe and Apple.

- **Experimenting with additional products using existing mango varieties:** While some mango varieties grown by Project Nurture farmers have proven sub-optimal for juice, The Coca-Cola Company continues to experiment with innovative uses for the fruit. Possibilities include blending with other ingredients like honey, producing fruit bits for smoothie-type beverages.

### Gearing up for replication

The Coca-Cola Company, the Gates Foundation, and TechnoServe are each gearing up for replication – but in dramatically different ways, given their organizational missions and business models.

**The Coca-Cola Company**, in the context of its aim to triple the size of its juice business by 2020, is now identifying lessons learned from Project Nurture and distilling key elements of a model that can be used to develop sustainable agricultural supply chains around the world. In a nutshell, that model is strategic partnership all along the value chain, from “grove to glass.” Key elements include:

- A firm grounding in what is needed for the juice product in question
- Close relationships between processors and growers
- High levels of farmer aggregation, using Producer Business Groups, Market Service Centers, or other models, such as nucleus farm-outgrower schemes
- Partnerships for farmer capacity-building – with donors or exporters, for example – since the bulk of a smallholder’s fruit should go into fresh market channels where it can fetch higher prices

Elements of this model have already been replicated in Haiti, though with farmers there devastated by the 2010 earthquake, the intent is primarily philanthropic for now. Further replication is underway in India, and under consideration in Zimbabwe, Nigeria, and/or Ghana, where relevant fruit varieties and processor configurations are under review. A range of mechanisms are being developed to disseminate information about the model even more widely, and to encourage independent decision-makers throughout the Coca-Cola system to implement it. These include internal staff communications within G2G; an immersion program offered by Company’s Juice University; and its annual Bottler Conference.

Project Nurture has enabled **TechnoServe** to identify specific gaps along the mango and passion fruit value chains that must be addressed for those value chains to become fully efficient and effective – as drivers of market value and of positive, long-term impact on all the players involved. As an organization committed to helping smallholders build competitive farms and businesses, TechnoServe now plans to establish a series of partnerships to address these gaps – both continuing Project Nurture’s work on the mango and passion fruit value chains in Kenya and Uganda and expanding it to other fruits and other geographies in Africa. The organization plans to pursue opportunities to continue working with its key partner The Coca-Cola Company as it expands and mainstreams the Project Nurture model in supply chain management efforts throughout the Central, East & West Africa Business Unit. TechnoServe will also pursue similar partnerships with other multinationals, local businesses such as processors, input suppliers, and service providers, and government agencies.

**The Bill & Melinda Gates Foundation** seeks to catalyze business models that are sustainable and have the potential to lift millions of smallholder farmers out of hunger and extreme poverty; it is the foundation’s hope that the Project Nurture model can be replicated and sustained in the long term through new partnerships.

The foundation is confident that the benefits of the approach have been demonstrated, giving other players the incentive to fund such partnerships on their own going forward. In addition to positive financial impact on the poor, positive impact on business performance
is a necessary indicator that the model is sustainable once catalytic support from philanthropy ends. Now that multiple programs in support of widely-grown, high-value cash crops have been launched and business impact has been demonstrated, the foundation has started to transition its support of these crops to the private sector and governments as part of its exit strategy.
Lessons Learned

Project Nurture is a rich source of lessons learned for the partners themselves and for other companies, donors, NGOs, and governments interested in partnering to build inclusive value chains. These lessons relate to building inclusive value chains, building cross-sector partnerships, and building the capacity for scale. The key take-aways are:

**When building inclusive value chains... design for sustainability:** The comparative advantage of business as a development impact driver is the potential to be self-sustaining. But unleashing this potential requires careful attention to the incentives and capabilities of each player in the value chain and in the enabling environment. The role of government in creating the enabling environment is essential.

**When building cross-sector partnerships... manage complexity:** Collaboration creates value by channeling differences in perspective, incentives, and capabilities toward common goals. These differences exist among partner organizations and also within them. Internal complexity is often overlooked – yet it is an important factor in making the business case, executing smoothly, and replicating successful models.

**When building the capacity for scale... make needed awareness and capabilities mainstream:** While cross-sector partnerships to develop inclusive value chains are emerging with increasing frequency, they are still a niche phenomenon. Many more are needed to meet today’s business and development goals. This will require raising awareness, changing mindsets, and putting capabilities and systems in place within and across would-be partner organizations.

### BUILDING INCLUSIVE VALUE CHAINS: Designing for Sustainability

**Make sure every player in the value chain is profitable**

A value chain is only as strong as its weakest link. Project Nurture has therefore taken an integrated approach, working to make sure every player has the assets and capabilities it needs to be profitable.

- **At the farmer level**, the partnership has built agricultural, finance, and marketing skills and market knowledge covering quality specifications, prices, channels, and individual traders; the partnership has also opened up access to finance

- **At the trader level**, the partnership has built market knowledge covering farm locations, varieties, and projected volumes as well as the quality requirements of different buyers

- **At the buyer level**, the partnership has helped develop new sources of quality supply

- **For buyers that process fruit for Coca-Cola juices**, the partnership has helped ensure that quality, phytosanitary, environmental, and workplace standards are in line with Coca-Cola Company requirements

- **For bottlers**, the partnership has helped develop certified sources of key ingredients needed to meet aggressive juice business growth goals

For Project Nurture to work, The Coca-Cola Company also had to develop a profitable product: Minute Maid Mango, which uses the Ngowe variety grown by Project Nurture farmers. The Company continues to experiment with different mango and passion fruit varieties, analyzing their taste profiles and suitability for processing and developing promising blends.
BUILDING INCLUSIVE VALUE CHAINS: Designing for Sustainability

Strengthen the enabling environment

Just as it is necessary to strengthen the entire value chain, it is often necessary to strengthen the enabling environment in which the value chain is embedded. The enabling environment includes access to knowledge, skills, technology, financial services, and water, energy, and transportation infrastructure as well as supportive regulation and effective public administration of legal, tax, and other systems. Often, the enabling environment is most problematic for the smallest players in the value chain – in Project Nurture’s case, the smallholder farmers.

Strengthening the enabling environment for farmers has been the primary role of TechnoServe, with financial support from The Coca-Cola Company and the Gates Foundation. On one hand, TechnoServe has been an important player in its own right as a provider of market information and agricultural and business skills training for farmers and traders. On the other hand, the organization has acted as an intermediary, bringing in other players to provide credit (Equity Bank in Kenya and Centenary Bank in Uganda), improved seed varieties (KARI in Kenya and NaCRRI in Uganda), and seedlings (KARI, NaCRRI, and numerous small, independent nurseries). TechnoServe has also facilitated linkages within the value chain, bringing in exporters (East African Growers in Kenya) and processors (Britania in Uganda). All of these players expect to continue doing business with one another when Project Nurture comes to a close and TechnoServe exits in 2014.

At the same time, when it comes to strengthening the enabling environment, there are important roles that government can play – and often must play, because it is the only stakeholder with the authority to do so. For example, only government can set tax rates and tariffs, regulate the flow of goods across borders, and set safety and other standards. Most governments are central in the construction, operation, and/or regulation of roads, rail lines, ports, and water and energy infrastructure. They educate and often facilitate access to health care for the labor force. Many governments have long-standing agricultural extension services as well.

It is important to stress that government policies and programs affect the enabling environment not only for smallholder farmers, but for all the players in the value chain – shaping their economics and their incentives to do business together. As a result, while the governments of Kenya and Uganda have served on the Project Nurture Steering Committee, there is a sense that greater involvement in the implementation of the project would have been beneficial.

BUILDING INCLUSIVE VALUE CHAINS: Designing for Sustainability

Build institutional capacity and incentives to sustain impact into the long term

While the market linkages TechnoServe has built are expected to endure, there is some concern that gaps will be left in areas where it has played the role of service provider – most notably of agricultural and business skills training for farmers, who are still in the process of improving the quality of their crops and in some cases have just begun to grow new, improved varieties.

It was necessary for TechnoServe to step up to the plate as a direct service provider in order to achieve the large-scale and relatively short-term goal of doubling the fruit incomes of more than 50,000 farmers by 2014. With a time horizon of only four years, recruiting, training, farmer group strengthening, and marketing had to begin right away. Quick wins are critical, showing what is possible and motivating value chain
Lessons Learned

participating for what can otherwise be perceived as a long haul.

Sustaining those gains beyond 2014, when TechnoServe exits, requires a different approach. Markets are constantly changing, and farmers will need new information, new skills, and even new structures to adapt. There is some evidence that it can take 10-15 years or more for inclusive business models and value chains to solidify and reach scale. And of course it is in the long term that development multiplier effects unfold – that higher incomes translate into improved health outcomes, for instance, or that newly-educated children capture new economic opportunities and bring new skills and services back to their villages.

As a result, in addition to direct service provision, TechnoServe is pursuing a strategy of institutional capacity-building, making sure permanent players in the enabling environment, including processors, exporters, and government agencies, can pick up where it leaves off. It can be very difficult to balance direct service provision to catalyze short-term gains and institutional capacity-building to ensure those gains can be sustained, if not multiplied. TechnoServe is exploring a variety of methods to build the institutional capacity – and, critically, the incentives – required. For example, it is helping Community Extension Service Providers establish themselves as independent businessmen, rather than TechnoServe contractors. It is inviting government extension agents to its trainings to learn more about mango and passion fruit. It is exploring technology-based systems, such as text message, to disseminate information. Perhaps most importantly, TechnoServe is building the capacity of larger buyers within the value chain to work more directly with the smallholder farmers that supply them. For example, East African Growers in Kenya is already starting to provide market information like quality specifications and demand projections as well as agricultural and business skills training. Britania, in Uganda, is also providing market information, contracting dedicated agents to engage with farmers, and considering how best to provide agricultural extension services. Sunny Processors, in Kenya, already has a dedicated agronomist on staff.

BUILDING INCLUSIVE VALUE CHAINS: Designing for Sustainability

Consider how best to engage government

It is increasingly acknowledged that country ownership of development efforts is critical. For donors involved in the aid effectiveness movement, “country ownership” means national government participation in agenda setting and coordination and the use of existing country systems to deliver assistance wherever possible. With many governments plagued by scarce resources and governance gaps, the division of labor between public and private sectors in partnerships like Project Nurture has become a subject of debate. By the same token, governments “may be wary of partnering with other sectors because of sensitivities about specific interest groups seeking to obtain favors or evade public sector accountability processes. This is particularly the case with the private sector.” As a result, new models of public-private collaboration are emerging, being tested, and evolving. A three-year research program on business partnership with governments in Africa by the German development agency GIZ and The Partnering Initiative (TPI) at the International Business Leaders Forum has generated a useful guide for those developing such models.

Project Nurture has engaged the governments of Kenya and Uganda at several levels. Operationally, it has supported agricultural research institutions to produce and commercialize new varieties of passion fruit, capitalizing on years of public investment by the government and international donors. In addition, TechnoServe has invited agricultural extension agents to participate in training offered to Community Extension Service Providers and farmers, though attendance has
been low. At a strategic level, Project Nurture has engaged
government representatives as members of the Steering
Committee, where they bring critical public policy
information, point out existing resources and programs
that can be leveraged, facilitate contact with district-
level officials, and help problem-solve by sharing lessons
learned from other initiatives. In addition, Project Nurture
representatives participate in forums for public-private
dialogue hosted by both governments. In Uganda, for
example, representatives participate in the Presidential
Investors Roundtable, where the private sector and
government discuss investment opportunities and
challenges and what each party can do to address them.

Could there be better or deeper ways for companies,
donors, NGOs to engage with governments? When it
comes to building sustainable, scalable, and replicable
inclusive business models and value chains, what
is the optimal partnership-government interface?
The Project Nurture partners believe there would
be value in engaging governments in the design and
early implementation stages to understand their
priorities for the sector in question, determine how
the partnership could drive progress against those
priorities, and identify actions the government could
undertake as full partners – assuming responsibility,
sharing risk, and gaining value in return.

BUILDING CROSS-SECTOR PARTNERSHIPS: Managing Complexity

For any company considering a multi-year, multi-
month dollar commitment of any kind, the business
case is essential. The business case is also essential for
donors and NGOs like the Gates Foundation and
TechnoServe, which look to catalyze sustainable, scalable
business models that continue generating development
impact long after the grant period. For this reason,
donors and NGOs may even see the business case in
more strictly financial terms than a company.

For a company, the business case may be multi-faceted,
spanning bottom line benefits like lower supply costs
as well as reputational benefits like positive publicity,
a leadership position, and good relationships with
stakeholders such as governments. Reputational benefits
are often used to justify companies’ philanthropic
investments, but they can also be an important part
of the justification for core business investments,
especially when those investments are the first of their
kind, intended to pilot new ways of doing business with
uncertain financial returns. In replication projects –
when it is easier to gauge expected returns – reputational
benefits may take a back seat in the business case, though
companies will nevertheless want to realize them. The
nature of the business case will affect the nature and
extent of the due diligence that is done. For example,
the financial due diligence done for Project Nurture
was fairly quick. With the benefit of Project Nurture’s
experience, the Company was in a position to do more
rigorous financial due diligence for Project Unnati, a
similar project initiated later in India.

When the business case for a pilot project is multi-
faceted, it is critical to communicate clearly about
the respective importance and degree of certainty of
the different components. Reputational benefits and
bottom-line benefits were both important parts of
the business case for Project Nurture for The Coca-
Cola Company. But the reputational benefits were
clear, relatively certain and short-term whereas the
bottom-line benefits were not as clear at the outset.
As a result, when the newly-approved project was
handed over to mainstream business managers within
CEWABU to implement, the initial conclusion was
that Project Nurture was not core business. This
perception has since evolved, but it took time to
change. As it has changed, CEWABU’s approach to
staffing and managing the project has also changed,
becoming much more embedded in the day-to-day
responsibilities of the still beverage supply chain team.
Lessons Learned

BUILDING CROSS-SECTOR PARTNERSHIPS: Managing Complexity

Align objectives not only among partners, but also within partners

Today’s multinational companies, global NGOs, public and private donors, and national governments are complex organizations, operating at multiple levels through multiple units with their own responsibilities and incentives. As a result, partnering can involve just as much internal collaboration within each partner as external collaboration among them. One of the golden rules of partnership is that to succeed, the objectives of the partners must align. It is equally true – but much less discussed – that the objectives of individuals and departments within the partners must align.

In Coca-Cola’s case, for example, while a small set of senior leaders and working-level champions were critical in getting Project Nurture off the ground, implementing the project meant getting the Central, East & West Africa Business Unit, Global Juice Center, Grove 2 Glass, the Research & Innovation unit, and Global Public Affairs and Communications all to work together. Coca-Cola staff have also had to align the Company’s juice bottling partners in Kenya and Uganda, Coca-Cola Juices and Century Bottling Company, and the processors that supply them with puree – complex, strategic business conversations that are not easy. Staff from these different groups came to the table with different backgrounds, perspectives, interests, and incentives, and aligning them took time. It is important to remember that hybrid strategies like Project Nurture’s – combining core business and philanthropy to create business opportunity and development impact – are still very new. Within the mainstream business, in particular, staff may have had little exposure to the idea that it is possible to do both, or that a foundation and an NGO could serve as business partners. Deliberate and explicit communication is necessary. Partnership operating and governance structures can help, as outlined below.

BUILDING CROSS-SECTOR PARTNERSHIPS: Managing Complexity

Design efficient, effective partnership operating and governance structures

Very soon after the partnership was launched, Project Nurture managers from The Coca-Cola Company, TechnoServe, and the Gates Foundation set up the Core Operating Team and Steering Committee, described on page 27. These structures have played a critical role in aligning objectives and channeling organizational complexity in ways that optimize the value the partnership creates.

First, these were familiar, business-like structures for CEWABU’s mainstream business managers, a welcome surprise to them at the time – an early indication that the partnership was intended to support mainstream business operations and deliver business benefits, as well as development impact and reputational benefits. Second, the operating procedures of both structures created regular opportunities for individuals in different departments as well as different organizations to interact, understand how their objectives aligned, face challenges together, jointly problem-solve, demonstrate follow-through, and build trust – another golden rule for partnership, and a process that cannot be leapfrogged.

Finally, Project Nurture’s operating and governance structures have facilitated learning and course correction throughout the partnership. There are many challenges involved in developing inclusive business models and value chains, and it is impossible to know all the solutions in advance – it is sometimes difficult even to identify all the challenges in advance. In addition, the circumstances under which partnerships are formed often preclude long research periods, with political or financial windows of opportunity that
need to be seized. Learning by doing is essential, but it does not translate into continuous improvement on its own. Concrete mechanisms are needed. The Core Operating Team and Steering Committee helped translate learning into continuous improvement by offering regular opportunities to surface and address issues as they arose, eliminating the need to convene a special meeting in the event of a problem—which can be sufficiently awkward as to discourage it from happening. Project Nurture has enjoyed the added advantage of good personal relationships among the staff involved. Key individuals from The Coca-Cola Company, TechnoServe, and the Gates Foundation share a solutions orientation and get on well with one another. Rather than point fingers when things don’t go according to plan, they roll up their sleeves and figure out what to do next. For example, a key part of Project Nurture has been the development and launch of a new juice product, Minute Maid Mango, which uses participating farmers’ fruit. As the product launch drew closer, it became clear that the Company’s original projections of demand for mango were higher than the juice sector could initially support—casting doubt on the partners’ ability to reach the development impact targets they had set, including farmer reach, volume sales, and income generated. One option was to revise those targets downward. However, working together, the partners were able to adjust their strategy in real time to shift a greater percentage of farmers’ produce into fresh market channels, and stay on course to meet their original development impact goals.

BUILDING CROSS-SECTOR PARTNERSHIPS: Managing Complexity

Proactively manage the expectations that publicity creates

In projects intended to pilot new ways of doing business, publicity can raise expectations it is uncertain whether the partners will be able to fulfill, and which take staff time to manage. When Project Nurture was launched with an announcement that the partnership would seek to bring more than 50,000 small farmers into Coca-Cola’s supply chain, for example, farmers with mangoes to sell began to flood the Company’s Nairobi office with calls—and the partners hadn’t even begun farmer recruiting or certified a processor that could buy and transform their mangoes into puree for beverages.

At the same time, publicity can be good motivation for creative thinking and problem-solving when a pilot project hits the inevitable bumps in the road. Project Nurture has hit several—like the discovery that some of the mango and passion fruit varieties grown by participating farmers in Uganda weren’t optimal for juice. If the partners hadn’t announced their targets publicly, they might have been tempted simply to revise them downward. Instead, they doubled down and found solutions, and are on track to meet their targets.

The pros and cons of publicity can be balanced, first and foremost by anticipating and planning for them. Resources must be budgeted for the staff time required. A staged approach to communication can also help. For example, The Haiti Hope Project, a partnership between The Coca-Cola Company, USAID, the Multilateral Investment Fund of the Inter-American Development Bank, and TechnoServe, replicates key elements of Project Nurture. However, Haiti Hope was conceived to help rebuild Haiti after the devastating 2010 earthquake, and as such, it is primarily a philanthropic project. Its main goal is to double the fruit incomes of 25,000 smallholder farmers by improving production, marketing and sales of fresh mango. The Coca-Cola Company is also working on the feasibility of sourcing puree made from these farmers’ mangoes for its juices, which would mean an additional market channel and source of income. However, communications refrain from creating the expectation that the Company will source from participating farmers until they have reached the necessary levels of productivity and quality, and until the Company has identified the right variety and a clear business case.
Lessons Learned

BUILDING CROSS-SECTOR PARTNERSHIPS: Managing Complexity

Recognize and facilitate the role exceptional individuals play in getting pilot projects off the ground

Large, multinational companies report to shareholders every year, if not every quarter, and they manage their performance accordingly. Company-level targets cascade down to the individual level, where staff are assigned specific roles and held responsible for specific results. Pilot projects, which are by definition not guaranteed to lead to the expected results within the expected timeframe, can be perceived to be extra work – or, worse, extra opportunity to fail.

To get pilot projects testing new ways of doing business off the ground, senior leaders must be thinking about long-term results and creating the space for staff to work toward them. Within The Coca-Cola Company, senior leadership vision and support for Project Nurture came from three levels: the head of the Global Juice Center, Guy Wollaert; the head of the Central, East and West Africa Business Unit, Nathan Kalumbu; and the head of the entire company, Chairman and CEO Muhtar Kent.

Working-level champions within the company also play critical roles, as do strong and inspirational partners – sometimes even helping to get senior leadership on board. Within the company, public affairs staff can be good champions, because their individual performance goals relate to corporate objectives like leadership and relationship building, giving them more flexibility than the average line manager. But the mainstream business perspective is important, too. A public affairs executive and a juice business strategist worked together to get Project Nurture off the ground within Coca-Cola. Key individuals within The Coca-Cola Company’s external partner organizations, The Gates Foundation and TechnoServe, were also instrumental in conveying the vision and opportunity to Company leadership and obtaining their buy-in for the partnership.

There are exceptional individuals to be found within any company. However, company leaders can increase the pool of great people available to drive initiatives like Project Nurture by creating positions outside the usual corporate performance management system and incentive structure. One approach is to assign high-potential employees to run pilot projects as part of leadership development programs. Another common recommendation is to create separate structures or skunk-works.25 However, experience using such structures to develop new inclusive business models has been mixed; more strategic and operational integration may be needed to survive leadership transitions and ensure that successful innovations are mainstreamed into the core business where they can be scaled up.26 Project Nurture is tightly linked to The Coca-Cola Company’s core business strategy and goals, and it is now managed by people in a position to scale and replicate it in other countries and commodities.

BUILDING CROSS-SECTOR PARTNERSHIPS: Managing Complexity

Put deliberate strategies and systems in place to bring successful pilots to scale

In the inclusive business field, there is no shortage of models that appear to work on a small scale, or in one country – but for some reason, have not been replicated. This is even true for models developed by large multinational corporations which, at least in theory, have greater capacity to replicate than the average individual entrepreneur.

Of course, differences in culture, consumer preferences, and the regulatory environment across countries come into play. For example, regulations affecting the role mobile network operators can play in providing financial services have kept the mobile payment models that have been so successful in countries like Kenya and the Philippines from taking off in many other places.
Another key obstacle is the complexity and decentralized nature of today’s multinationals. While exceptional individuals play critical roles in getting pilot projects off the ground, companies must have deliberate strategies and systems in place to bring successful pilots to scale through growth and mainstreaming in their countries of origin and through replication in other markets.

For The Coca-Cola Company, Project Nurture is a pilot intended to test new ways of doing business that, if successful, can be replicated in other markets. Project Unnati in India is another example. There, The Coca-Cola Company and its partner, Jain Irrigation, the largest manufacturer of drip irrigation systems worldwide and a leading processor of fruits and vegetables, are working with farmers to test high-density planting and drip irrigation techniques expected to double per acre mango yields. With several years of experience under its belt, the Company is now reflecting on both efforts, identifying lessons learned, and distilling key elements of a model that can be used to develop sustainable agricultural supply chains around the world in support of its growing juice business. The next step will be to develop tools and processes for disseminating information about that model and encouraging independent decision-makers to implement it. Already, the Company has made Project Nurture a focus of its Juice University's annual juice immersion program in June 2012 in Kenya, where participants explored the Minute Maid Mango value chain all the way from the smallholder farmer to the customer, learning how the Project Nurture partnership was helping to grow sustainable sources of supply and double the fruit incomes of participating farmers. The Company also showcased Project Nurture at its annual Bottler Conference. G2G routinely shares updates with its associates, which gives them the information and incentive to take up elements that might be of benefit to them. G2G has also started to map the various initiatives underway among its suppliers to understand what they are doing and where in the value chain the impact is coming from – growing or processing, for example. A supplier survey was launched in 2011, and the results will be continuously refreshed over time.

BUILDING THE CAPACITY FOR SCALE: Making Needed Awareness and Capabilities Mainstream

Raise awareness of hybrid strategies that create business opportunity and development impact

Aligning objectives and building trust are critical to partnership success, and the process cannot be leapfrogged. Partnership operating and governance structures are vital mechanisms for this. At the same time, companies, donors, NGOs, and governments can start preparing the ground even before specific partnership opportunities are on the table. One approach is to raise broad-based awareness of hybrid strategies that create both business opportunity and development impact.

As described in this report, Project Nurture uses a hybrid strategy, combining core business investment and philanthropy to achieve interdependent business and social goals. It is important to remember that hybrid strategies like Project Nurture's are still new, in theory and in practice. Mainstream business executives, philanthropic donors, NGO staff, and government authorities may have had little exposure to the concept.

In addition, there can be skepticism about one or the other of the two primary approaches that hybrid strategies combine. On one hand, many philanthropic donors and NGO staff are mistrustful of the profit motive and resistant to the idea of “making money off the poor.” On the other hand, those who recognize the importance of core business as a driver of development impact may swing in the other direction entirely, dismissing philanthropy as ineffectual and out of vogue. The reality is not so clear-cut. Business activity is the only sustainable way to alleviate poverty and generate
Lessons Learned

wealth; there is simply not enough philanthropic funding to go around. But philanthropy can play a critical role in catalyzing business activity that reaches and engages the poor – what competitiveness guru Michael Porter’s consulting firm FSG calls “expanding the shared value frontier.”

Hybrid strategies are TechnoServe’s bread and butter. Other organizations may be more diverse, and while they may have individuals or departments working on hybrid strategies, they need to invest in raising broad-based awareness. The Coca-Cola Company has started to do this by showcasing Project Nurture in forums created to share best practices within the Coca-Cola system, like G2G internal staff communications, the Juice University immersion program, and the annual Bottler Conference referenced above.

Sector stereotypes are pervasive. Government is often considered noble and worthwhile but also slow, bureaucratic, and occasionally corrupt. Business is often considered dynamic and exciting but also short-termist and exploitative. Civil society is often considered idealistic and purposeful but also disorganized and small scale. Views like these shape individuals’ career choices, bringing them into the workforce in a particular sector and sometimes pushing them in different directions as their experience grows and their perceptions change.

Views like these also affect individuals’ appetite and aptitude for partnership. As a result, as partnership becomes a more and more important mechanism for creating business opportunity and development impact, organizations across sectors must work to break down sector stereotypes.

One of the biggest shifts in business and international development over the last 10 years has been a blurring of the previously neat distinction between business, government, the donor community, and civil society. This shift can be traced to a growing understanding of the role that standard business activity and investment play in development – by driving job creation, skill-building, technology transfer, institutional capacity, and the construction of physical infrastructure; by generating tax revenues for governments; and by delivering products and services people need to be productive. This has triggered a search for ways of harnessing standard business activity, making it more inclusive and more impactful.

Many companies, for their part, are taking a much more deliberate approach to understanding and managing their impacts. Governments are creating forums for public-private dialogue on policy, like the Presidential Investors Roundtable in Uganda. Foundations and bilateral and multilateral development agencies are investing more and more money in market-based solutions, and bringing in staff with the business acumen needed to find the right opportunities. The Gates Foundation’s program officer for Project Nurture, for example, worked for McKinsey & Co. and Kraft Foods. NGOs like TechnoServe – one of the leaders in this respect – are carving out a niche using donor funds to help entrepreneurs and companies build inclusive business models. Many TechnoServe staff have left careers in business, and bring with them valuable skills and local business networks.

These are big changes, and they have unfolded relatively recently. Would-be partners must recognize this, and invest time making sure commonly held perceptions of their organizations and within their organizations catch up. They can do this by:

- Tailoring communication strategies and materials to meet target audiences where they are in their understanding of the organization and its role, explicitly emphasizing departures from the norm
• Participating in platforms where organizations from all sectors share their experiences, discover common interests, and even identify opportunities to work together – ranging from the global level (such as the Clinton Global Initiative) to the national level (such as South Africa’s Business Trust) to the local level (such as the Portland Metro STEM Partnership)

• Hiring staff with experience working in or with organizations in other sectors, and seconding or assigning staff who do not

BUILDING THE CAPACITY FOR SCALE: Making Needed Awareness and Capabilities Mainstream

Develop a deeper understanding of the core business contribution to cross-sector partnership

From a development perspective, the point of partnering to build sustainable, inclusive business models is to leverage companies’ core business operations and value chains to expand economic opportunity and access to critical products and services. The most important contribution a corporate partner makes is to buy from, distribute through, and sell to the poor. What this means should be understood in depth and reflected throughout the partnership.

Project Nurture is intended to leverage The Coca-Cola Company’s core business operations and value chain to expand economic opportunity for smallholder farmers. The Company’s contribution is often described as $4 million in cash, paid to TechnoServe, and $1.5 million in kind, in the form of infrastructure and technical expertise. Neither the $1.5 million figure nor the term “in kind” convey the fact that the Company has had to conduct extensive R&D, develop a new product, identify and certify suppliers of the key ingredient, negotiate and manage supplier contracts, conduct ongoing quality testing, market the product to consumers leveraging its valuable brand, and work with its bottling partners to manufacture, distribute, and sell it. All of this has been necessary to create a reliable and growing processed fruit market channel for smallholder farmers.

The Coca-Cola Company’s core business contribution to Project Nurture could be understood more deeply in both quantitative and qualitative terms. Quantitatively, the core business contribution is probably higher than $1.5 million. Putting a more accurate dollar value on it would be interesting, but difficult to do. The more closely the partnership is integrated into core business strategy and operations, the harder it is to distinguish expenditures that relate to the project from those that do not. Understanding the Company’s core business contribution qualitatively is even more fundamental, as it suggests a range of questions that should go into the partnering process whenever the purpose is to build sustainable, inclusive business models and value chains: How do existing products, services, distribution channels, and procurement systems need to change? Do new ones need to be created? Which business functions and business partners – suppliers, distributors, or retailers – need to be involved? Do new relationships need to be cultivated?

A deeper understanding of the core business contribution to cross-sector partnership is critical to advancing partnership practice. First, it will prepare companies for all the hard work that will have to be done, and enable them to assemble the right teams. For example, while Project Nurture was conceived in Atlanta, juice managers within the Central, East & West Africa Business Unit and Grove 2 Glass Trading from Europe and South Africa needed to own and run the project.

Second, a fuller understanding of the business side of Project Nurture-type partnerships will help donors and NGOs work with companies more effectively, helping them engage the right stakeholders, identify the most important interventions, and stage and monitor them appropriately. This will require a greater level of information-sharing between companies and their donor and NGO partners than is currently the norm, raising confidentiality issues and highlighting once again the importance of building trust.
Lessons Learned

BUILDING THE CAPACITY FOR SCALE: Making Needed Awareness and Capabilities Mainstream

**Invest in professional partnering capabilities**

Project Nurture is a complex partnership, and it has made significant progress thanks to highly professional management from TechnoServe, the Gates Foundation, and The Coca-Cola Company. This is not to say a considerable amount of “learning by doing” was not involved. With partnership becoming an increasingly important mechanism for achieving individual organizational and broader societal goals, it is time for companies, donors, NGOs, and governments to invest in professional partnering capabilities. Such capabilities include:

**Partnering strategy:** Grounded in an organization’s overall strategy and goals, a partnering strategy covers questions like:
- Where do we need to partner? Which goals do we need help to achieve?
- Why do we need to partner? What information, assets, resources, skills, or networks do we need?
- What information, assets, resources, skills, or networks might we need to share?
- What forms of due diligence and agreement are needed to protect us and our partners?

**Partnering talent:** Partnering talent is a combination of mindset (including openness, empathy, and persistence) and skills (including listening, communication, translation across sectoral and cultural contexts, negotiation, and conflict resolution). Partnering talent can be recruited as well as developed from within. The Partnering Initiative, for example, offers a range of training courses and materials.28

**Partnering structures:** Organizations can develop special structures to scope, develop, and manage partnerships or to support operating units taking the lead. These structures can act as centers of excellence, offering – for example – access to the latest organizational partnering strategy and policies; global, cross-functional perspective and networks; technical advice; and facilitation and backstopping as needed. Such structures can also act as points of entry for prospective partners, vetting partnering opportunities and making introductions in relevant parts of the organization. Within the donor community, the US Agency for International Development’s Global Development Alliance and GIZ’s develoPPP.de program are two examples.

Partnerships like Project Nurture are highly complex because the underlying challenges are systemic, cutting across many different issues, actors, and incentive systems. And as we have seen, partner organizations themselves are often complex. As a result, scoping and brokering inclusive value chain development partnerships can be difficult and time-consuming.

BUILDING THE CAPACITY FOR SCALE: Making Needed Awareness and Capabilities Mainstream

**Build partnership brokering platforms**

What are all the puzzle pieces that need to be put in place? Who can do what? What are the goals and incentives that might bring them to the table? What are the risks that might drive them away? What conversations need to be had, and how can we align objectives and incentives to drive collaboration?

TechnoServe, the Gates Foundation, and The Coca-Cola Company have tackled these questions successfully in developing Project Nurture. Yet many more such partnerships – involving many other companies, donors, NGOs, and governments – are needed to meet today’s global business and development goals. What is lacking is a systematic way of making that happen.29 Three different models can play a role:
• **Partnership brokering services** like those provided by associates of The Partnering Initiative and specialized business and development consultancies such as Dalberg and Inspiris

• **Regular forums for cross-sector dialogue** like the World Economic Forum (its Grow Africa initiative being one specific example), the Clinton Global Initiative, and country-level forums like the Agriculture Sector Coordination Unit in Kenya, the Presidential Investors Roundtable in Uganda, and the Business Trust in South Africa

• **Partnership brokering platforms** like the SAGCOT Centre in Tanzania, which is designed to drive modern commercial agricultural development in the country’s Southern Corridor, with major benefits for smallholder farmers, environmental sustainability, and food security

A relatively new and promising model, the SAGCOT Centre will use three broad strategies. First, the SAGCOT Centre will promote a shared vision of collaborative and responsible commercial agricultural development in the Corridor. Second, the Centre will keep track of who in the Corridor is doing what, in order to provide prospective investors with information about opportunities, gaps, potential partners, new projects in the pipeline, and more. The Centre will also commission research and provide tools for public policy innovation, smallholder aggregation, and environmentally sustainable production. Finally, the SAGCOT Centre will mobilize players to fill the opportunities and needs identified – ranging from commercial investment to smallholder support to financing to infrastructure to policy reform. Partnership brokering platforms like the SAGCOT Centre could play a key role in brokering, replicating, and scaling inclusive value chain development partnerships in ways that transform entire sectors in specific geographies.
Inclusive business models and value chains are powerful engines of business opportunity and development impact. For business, they open up new market segments and sources of supply. For the poor, they expand economic opportunity and access to quality products and services at prices they can afford. And in contrast with traditional aid-based development interventions, inclusive business models and value chains are financially self-sustaining – with the potential to reach scale and inspire replication.

Project Nurture illustrates the potential. It has cultivated new sources of mango and passion fruit that retailers, exporters, processors, and The Coca-Cola Company all need as the markets for fresh fruit and fruit juice grow. It has also doubled the average fruit incomes of 42,000 smallholder farmers.

Project Nurture also shows how cross-sector partnership can help get it done, using a catalytic approach that combines core business investment and philanthropy to strengthen the entire value chain in an integrated manner, ensuring that all the players have the capabilities and commercial incentives to continue doing business together even after the project ends – generating business benefits and development impacts that can be sustained. None of the three core partners could have implemented Project Nurture on its own. The Coca-Cola Company brought its core competencies in product innovation, marketing, and supply chain management. TechnoServe brought its capacity to work with smallholders on the ground, to advise traders, processors, and exporters, and to build strong market linkages among them. The Coca-Cola Company paid for more than a third of TechnoServe’s work, but since much of that work went beyond the scope of the Company’s value chain, the Bill & Melinda Gates Foundation covered the rest. The Foundation also played a critical role in bringing the other partners to the table in the first place, making them aware of the business and development opportunity to be captured in working together.

Partnering to build inclusive business models and value chains is not without its challenges. Business, government, the donor community, and civil society need to be thinking about:

- **Designing for sustainability** when building inclusive value chains
- **Managing complexity** within and across organizations when building cross-sector partnerships
- **Making awareness and capabilities mainstream** in order to create the capacity for scale, so that larger numbers of more effective partnerships can be developed more easily as time goes on

An enormous shift in thinking about the role of the private sector in development is underway, with growing recognition that business activity and investment are critical development drivers – creating jobs, building skills and capacity, transferring technology, constructing physical infrastructure, generating tax revenues for governments, and delivering products and services people need to be productive.

Equally, there is growing recognition that stakeholders in other sectors have roles to play in helping to make business activity and investment more inclusive and more impactful. If business, government, the donor community, and civil society can leverage their comparative advantages through cross-sector partnership to build inclusive business models and value chains more systematically and at scale, the benefits could be transformational – expanding business opportunity and development impact around the world.
Appendix: Project Nurture Partnership Mobilization Timeline

Figure 8. Project Nurture Partnership Mobilization Timeline

September 2008: The Gates Foundation, The Coca-Cola Company meet in Brussels to explore opportunities

Fall 2008-Spring 2009: The Gates Foundation commissions Dalberg Global Development Advisors to do fruit sector market research

June 2009: The Gates Foundation, The Coca-Cola Company, and TechnoServe meet in Atlanta to discuss partnership; agree to develop proposal

July 2009: Partnership concept approved by The Coca-Cola Company’s Global Juice Center

November 2009: TechnoServe grant proposal approved by the Gates Foundation

January 2010: Project Nurture partnership launched
Appendix: Stakeholders Consulted

Edward Agaba, Senior Business Manager, Project Nurture, TechnoServe Uganda
Nicholas M. Ambanya, General Manager, Vegetable and Fruit Division, East African Growers
Laurent Barbleu, Global Category Leader, Juice Procurement, Grove 2 Glass Trading Services
Anna Chilczuk, Deputy Regional Director – East Africa, TechnoServe Kenya
Rachel Claydon, Consultant, Project Nurture, TechnoServe Uganda
Ademerval Garcia, General Manager, Global Juice Trading Company, Grove 2 Glass Trading Services
Liz Gorski, Global Program Manager, Aluminum Bottle, The Coca-Cola Company
Ajay N. Gupta, General Manager Operations (Drinks & Sauce), Britannia Allied Industries Ltd
Olivia Karanja, Associate Business Advisor/Training, Project Nurture, TechnoServe Kenya
Florence Nyawira Kariuki, Relationship Manager, Agriculture Sector, Equity Bank
Kakule Mango Farmers Group, Budaka District, Uganda
Abdullah Kagga, Fresh Markets Advisor, Project Nurture, TechnoServe Uganda
Joseph Kayongo, Business Advisor, Project Nurture, TechnoServe Uganda
Kiambamba Mango Farmers Self-Help Group, Kenya
Winifred Kiarie, Program Assistant, Project Nurture, TechnoServe Kenya
Erastus Kibugu, Country Director, TechnoServe Uganda
Wanjiku Kimamo, Project Nurture Director, TechnoServe Kenya
Norton Kingwill, Country Manager/Managing Director, Century Bottling Company
Isaiah Kirema, Senior Business Advisor/Agronomist, Project Nurture, TechnoServe Kenya
Denise Knight, Director, Sustainable Agriculture, Office of Sustainability, The Coca-Cola Company
Casper Kruger, Procurement Manager, Juice – Africa, Grove 2 Glass Trading Services
Maureen Kyomuhendo, Public Affairs & Communications Manager, Century Bottling Company
Louise Labuschagne, Joint Managing Director, Real IPM
Lionel Marumahoko, General Manager, Still Beverages, Central, East & West Africa Business Unit, The Coca-Cola Company
Marika McCauley Sine, Director, International Government Relations and Public Affairs, The Coca-Cola Company
Isaac Mugwelo, Sales & Marketing Manager, Coca-Cola Juices Kenya Ltd
Phyllis M. Mungai, Programmes Manager, Market Development & Research, Farm Concern International
Kennedy Muthama, Business Advisor, Project Nurture, TechnoServe Kenya
Ann Marie Sabano Mwaka, Supervisor, Agricultural Credit, Centenary Rural Development Bank Ltd
Nakawa Market Vendors Association, Kampala, Uganda
Juliet Namono, Associate Business Advisor, Project Nurture, TechnoServe Uganda
Fred Njogu, Supply Chain Manager, Stills Beverages, Central, East & West Africa Business Unit, The Coca-Cola Company
Fred Obondo, Operations Manager, Coca-Cola Juices Kenya Ltd
Felix Odingo, IPM Trainer, Real IPM
Norah Odwesso, Public Affairs & Communications Director, Central, East & West Africa Business Unit, The Coca-Cola Company
Bob Okello, Public Affairs and Government Relations Manager, East Africa, Central, East & West Africa Business Unit, The Coca-Cola Company
Okaasai S. Opolot, Director, Crop Resources, Ministry of Agriculture, Animal Industry and Fisheries, Republic of Uganda
Kushal Patel, Chief Executive Officer, Sunny Processors Ltd
Jennifer Ragland, Director, International Government Relations and Public Affairs, The Coca-Cola Company
Wilson A. Songa, Agriculture Secretary, Ministry of Agriculture, Republic of Kenya
Tubaana Passion Fruit Farmers Group, Manafwa District, Uganda
Robert Paul Wamulimah, Senior Business Advisor, Project Nurture, TechnoServe Uganda
Thomas Warirah, Finance Manager, Coca-Cola Juices Kenya Ltd


5. This has been observed in the literature by a range of inclusive business thought leaders, including Allen Hammond of Ashoka, Erik Simanis of Cornell University, Ashish Karamchandani and Michael Kuzbansky of Monitor Group, and others.

6. There are exceptions, including Aravind Eye Care and Jain Irrigation in India and Natura in Brazil. Another exception is Coca-Cola Sabco, a Coca-Cola Company bottling partner in Eastern and Southern Africa and East Asia, which serves low-income consumers through a Micro Distribution Center model in which small-scale, sometimes first-time entrepreneurs offer frequent deliveries of small amounts of product to the small shops and kiosks that serve them. For more information, see Nelson, Jane, Eriko Ishikawa, and Alexis Geaneotes. 2009. "Developing Inclusive Business Models: A Review of Coca-Cola's Manual Distribution Centers in Ethiopia and Tanzania." Cambridge, MA: The CSR Initiative at the Harvard Kennedy School and the International Finance Corporation.


9. These include, among others, the Food Safety System Certification 22000, ISO 9001, relevant Global Food Safety Initiative certification schemes, and the Company's own Coca-Cola Operating Requirements (KORE) and Supplier Guiding Principles.


19. Project Nurture Gender Strategy


24. Ibid.


26. Ibid., pages 84-85.


28. For more information, see http://thepartneringinitiative.org/w/professional-development/.


About the Authors

Beth Jenkins, a fellow of the Corporate Social Responsibility Initiative at the Harvard Kennedy School, has spent twelve years researching and advising on inclusive or base-of-the-pyramid business models and cross-sector partnerships.

Before becoming a fellow, Beth directed the CSR Initiative’s Economic Opportunity Program, analyzing, documenting, and disseminating inclusive business activity together with partners such as the International Finance Corporation, United Nations Development Programme, World Business Council for Sustainable Development, and NGOs and companies around the world. She authored and edited eight reports in the CSR Initiative’s Economic Opportunity Series, including a cross-cutting analysis and seven industry studies in the extractives, financial services, food and beverage, information and communications technology, healthcare, tourism, and utilities sectors. She has developed six inclusive business reports with IFC and co-authored the UNDP publication “Creating Value for All: Strategies for Doing Business with the Poor” with Christina Gradl.

Earlier in her career, Beth was responsible for developing and disseminating risk management concepts and capabilities at Booz Allen Hamilton, with special emphasis on the strategic risks companies face as a result of social, environmental, and international development issues. She also spent five years working on base-of-the-pyramid business models in the information and communications technology and housing sectors at the World Resources Institute and Ashoka. She is a graduate of Yale University and the Harvard Kennedy School.

Lorin Fries is a research associate at the Corporate Social Responsibility Initiative at the Harvard Kennedy School. She is an expert on sustainable agricultural development, with cross-sectoral experience from Oxfam America and Save the Children, the United States Agency for International Development, the Harvard Business School, and a range of corporate players in the agribusiness and food and beverage sectors. Lorin has deep familiarity with developing contexts from several years in rural Uganda and short-term assignments including Haiti, Ethiopia, Senegal, India, Brazil and South Africa. Lorin received a Masters in Public Policy from the Harvard Kennedy School in 2012.

About the CSR Initiative at the Harvard Kennedy School

The Corporate Social Responsibility Initiative (CSRI) at the Harvard Kennedy School’s Mossavar-Rahmani Center for Business and Government (M-RCBG) is a multi-disciplinary and multi-stakeholder program that seeks to study and enhance the public contributions of private enterprise. The initiative explores the intersection of corporate responsibility, corporate governance, and public policy, with a focus on analyzing institutional innovations that enhance governance and accountability and help to achieve key international development goals. It bridges theory and practice, builds leadership skills, and supports constructive dialogue and collaboration among business, government, civil society and academics. Founded in 2004, the CSR Initiative works with a small Corporate Leadership Group consisting of global companies that are leaders in the fields of corporate responsibility, sustainability or creating shared value. The group currently consists of the following companies: Abbott Laboratories; Chevron; The Coca-Cola Company; ExxonMobil; Intercontinental Hotels Group; Microsoft; Nestlé; SAP; and Unilever. The Initiative also works with other leading CSR and sustainability organizations, government bodies, non-governmental organizations and companies to leverage innovative policy research and examples of good practice in this field.
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