

Strengthening suppliers to shape an equitable food system

Case study synthesis

A stable, resilient and transparent supply chain is essential for a thriving agribusiness sector. Smaller suppliers and value chain actors are undergoing stress from climate change and are acutely vulnerable to the economic fallout of the COVID-19 pandemic as well as political instability and conflict in certain regions. It is not surprising that strengthening supply chain partners is emerging as a priority for best practice in procurement.

To contribute towards building an understanding of how large agri-food companies engage and strengthen small- and medium-sized (SME) suppliers in their value chains to better enable their market access and strengthen business relationships, WBCSD members and the Just Rural Transition have developed [six case studies](#). These examine the business case for supplier engagement; explore elements of good procurement practice; and identify lessons learned to promote peer learning.

Key themes across the case studies

Benefits from empowering women

The importance of empowering women is perhaps the most significant conclusion that can be drawn, as well as the socio-economic and business opportunities this generates. Of the six case studies examined, four directly target women and, of these, two are exclusively for women. The companies recognize women as agents of change for their communities and as entrepreneurial, successful suppliers.

Solid business case

The case studies demonstrate the importance of initiatives that result in tangible business benefits. These vary from ensuring suppliers meet customer sustainability requirements, to enabling supply stability and continuity for a specific ingredient, to developing a more diverse, competitive, and resilient supplier base. Going beyond empowering just suppliers, one of the case studies involved a company working in its growing community to build the capacity of SMEs that could be potential customers.

Innovative funding mechanisms

The use of initial grant or foundation funding can unlock other sources of private and public finance. Companies can think creatively about how donor partnerships can catalyze value creation, and build the business case.

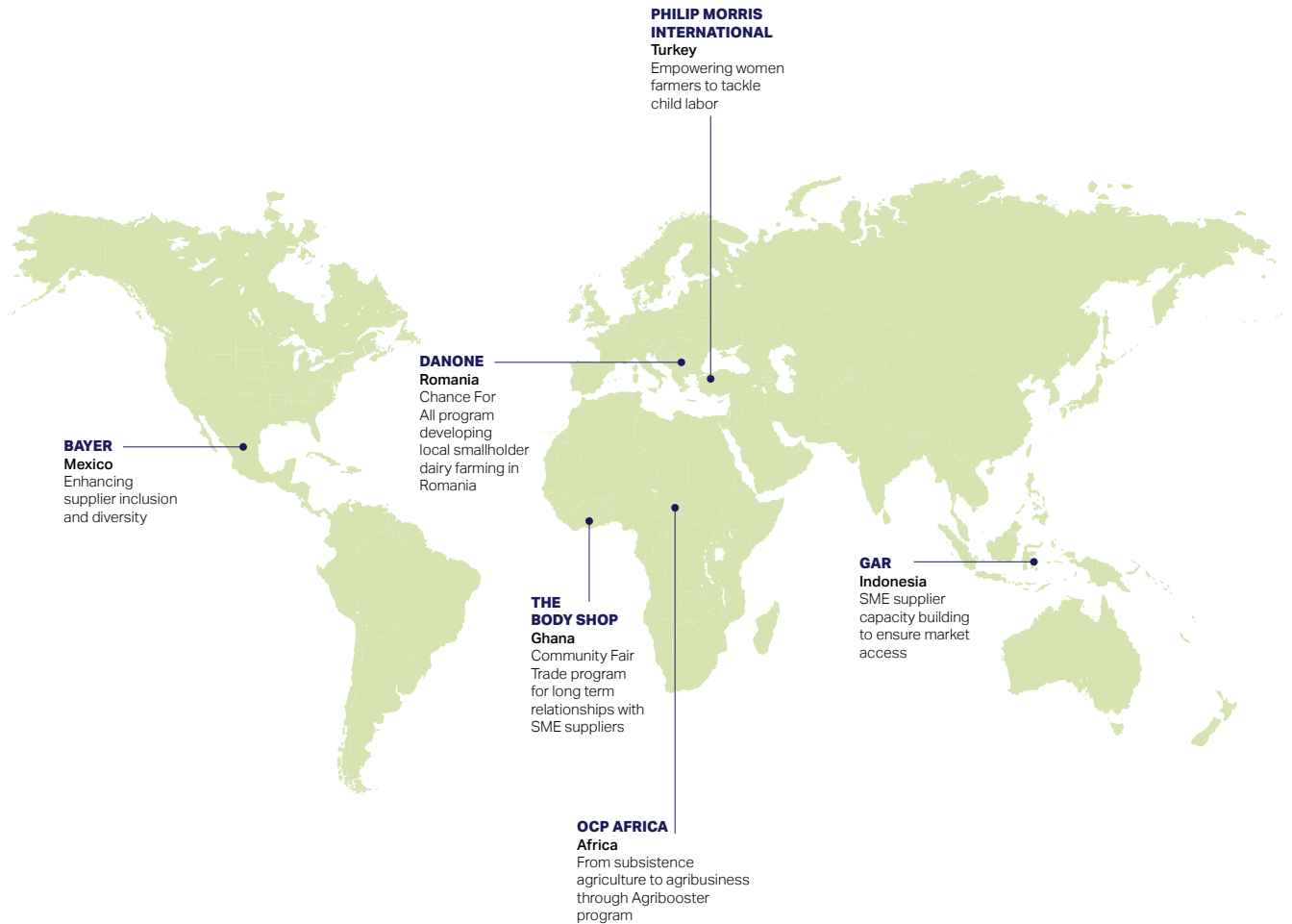
Effective communication with suppliers

For many agriculture sector companies, the changes that they are asking of their SME suppliers are significant. Companies are working hard with suppliers to communicate the benefits and provide incentives. Peer-to-peer learning and having local champions can be effective.

Identify barriers and build capacity for a stable and diverse supply based

There are significant barriers for smaller businesses to develop the capacity to become suppliers to big agri-food companies, or to be able to maintain the improvements in sustainability standards that buyers are increasingly requiring. Companies that empower a diverse set of suppliers to develop the capacity necessary then have more guarantees of a more diverse supply base, and can ensure supply continuity to customers.

Case studies and lessons learned at-a-glance



Enhancing supplier inclusion and diversity

Through its Supplier Inclusion and Diversity Program, life sciences multinational Bayer has a policy of proactively identifying businesses that are majority-owned and controlled by women, people with disabilities, LGBT+ people, minority groups or other disadvantaged communities.

Bayer identifies potential suppliers from such groups and works to offer education, mentoring and networking opportunities to develop these suppliers. While there is no guarantee of future supplier contracts, the program aims to empower these businesses to have the capacity to pitch for and potentially win business with Bayer.

Lessons learned

- Implementation of a procurement policy that includes commitment to supplier diversity requires strengthening potential suppliers from disadvantaged communities.
- Capacity building with companies from previously disadvantaged communities diversifies and expands the pool of potential suppliers.
- Supplier mentoring can benefit procurement and other company executives as they gain first-hand experience of the barriers disadvantaged companies have had to overcome.

[Full case study here](#)



THE BODY SHOP

Community Fair Trade program for long term relationships with SME suppliers

The Body Shop, a UK-based cosmetics and associated products brand, has sourced shea butter via its Community Fair Trade program from the Tungteiya Women's Association in northern Ghana since 1994. Shea butter is a semisolid fat that comes from the seeds of shea trees, native to west Africa, which is widely used as a moisturizer. In total the program involves 640 women from 11 villages in creating the shea butter using traditional processes. The Body Shop sources all its shea butter from Tungteiya and pays a premium price specifically to empower the women and to help fund community projects – including education facilities, access to clean water and health care.

Lessons learned

- Long term relationships with suppliers are essential in driving social and environmental change on the ground.
- Bespoke empowerment programs can enable additional benefits for supplier communities.
- Sourcing from a single supplier comes with supply security risks, but these can be managed by developing close and long-term relationships and keeping procurement pipelines under continual review.

[Full case study here](#)



DANONE
ECOSYSTEM

Chance For All program developing local smallholder dairy farming in Romania

Danone is an international food products business and supporting smallholder farmers where they operate is a key priority. In Romania, 80% of milk producers own less than 10 cows, appointing Romanian smallholder farmers has central in delivering a qualitative and sustainable milk sourcing. Yet, they face several challenges, one of them being staying up to date with best practices, which in turn compromises yield and product quality. The milk produced did not always meet EU minimum standards.

To counter this, Danone Romania co-created with Danone Ecosystem the Chance for All program to support the productivity, resilience and livelihoods of small Romanian milk producers. The farmers are given access to highly productive cows and modern milking methods. The use of mobile in-the-field milking parlors for example increased productivity by 18% alone. The Chance for All program has also facilitated new farmer associations that have effectively secured grant funding from the Romanian government and the EU of €4.1m. Farmers in the project have seen incomes increase by 70% on average since 2012.

Lessons learned

- Development programs like this 1) take time and need deeply rooted partners, 2) the initial grant money helps de-risk the program but also deliver significant impact on 3 dimensions: social (~+70% in income since 2012), environmental (CO2 capture and regenerative agriculture practices deployment) and business (volume of milk available in the region increased).
- The program helped secure sustainable and qualitative local milk sourcing.
- Initial use of grant funding can unlock other sources of income from both the public and private sectors to further build capacity.
- Deployment of modern agricultural techniques and best practice training can lead to significant improvements.

[Full case study here](#)

SME supplier capacity building to ensure market access

Palm oil company Golden Agri-Resources' Sinar Mar Agribusiness and Food division has a dedicated supplier support program – known as Sawit Terampil – in the Indonesian regions of Aceh and northern Sumatra. This aims to have 100% traceability to plantation for all palm oil fruits processed in the company's supplier mills. In parallel farmers are encouraged to develop more sustainable practices. Many of GAR's customers have strict sustainability targets that GAR and its suppliers must meet.

A first step to enabling traceability is mapping where supplier farms are located. By June 2022, around 21,000 farms had been mapped via the program. In total Sinar Mar Agribusiness and Food has mapped 95% of its supplier farms. In addition, 4,000 independent farmers have been involved in targeted training and group coaching. Farmer champions are identified and provided with additional training to enable them to encourage peer farmers in their communities.

Lessons learned

- For effective action towards a sustainable food system, companies across the value chain from consumer-facing brands to their commodity suppliers should align procurement practices to ensure traceability and continuous improvement especially within their SME supply base.
- Lack of supplier knowledge of sustainability requirements and benefits is a challenge, as is illiteracy and poor record keeping. Capacity building on the ground is part of the solution.
- Procurement teams must be prepared to work with higher-risk suppliers to build capacity, ensure long term sustainability and, in turn, enable market access.

[Full case study here](#)



From subsistence agriculture to agribusiness through Agribooster program

The regional division of fertilizer company OCP Group, OCP Africa, runs an Agribooster program that works with farming communities to connect farmers with the agricultural services, knowledge, and resources they need to move from operating on a subsistence basis to developing as agribusinesses, and to compete in globalized agriculture markets.

Agribooster provides access to farm inputs and best practice application via local extension agents. Farmers are connected with finance providers; access to new markets and training in business issues; as well as best agricultural practices. The program has impacted 850,000 smallholder farmers in maize, rice, millet, and sorghum value chains across six sub-Saharan African countries. On average, farm yields have increased 33%. Recognizing that women farmers have been marginalized and have had less access to skills and resources, the Women in Agribooster initiative has engaged 25,000 women farmers in Ghana and Nigeria since 2017.

Lessons learned

- Capacity building with company stakeholders can enable them to become long term customers.
- Women are marginalized in agriculture value chains; targeting women farmers specifically can lead to significant productivity improvements.

[Full case study here](#)



Empowering women farmers to tackle child labor

Studies have shown that women farmers are more open to learning about child welfare and taking action to ensure their safety, and more likely to reinvest income in their families and communities.

Through its Agricultural Labor Practices program, leading tobacco business Philip Morris International has set goals to eliminate child labor and achieve a living income for all its farmers by 2025. Empowering women is at the center of this. Examples of the work targeting women include training sessions in 2019 for over 1,000 women tobacco growers in Turkey to raise awareness of mental and physical impacts of child labor, particularly relating to hazardous tasks. This was followed up in 2021 with a human rights impact assessment of supply chain social conditions working alongside six Turkish leaf suppliers.

Lessons learned

- Women farmers have been negatively impacted through exclusion from supply chain initiatives.
- Women can be enablers of change in supply chains, particularly around social issues such as child labor risks.
- Procurement policies must require child labor-free supply chains. To help secure this, companies should focus on empowering women suppliers.
- Capacity building on-the-ground – for example better access to health and sanitation – can enable communities to tackle social issues.

[Full case study here](#)

Next steps

These [case studies](#) contribute to the growing evidence base that investing in SME suppliers can secure multiple benefits across the value chain: securing a stable and resilient supply as well as generating positive social and environmental outcomes. Moving forwards, WBCSD members will build on work to enable better access to finance for SME suppliers, such as through the Agri-SME Investment Platform's [digital finance tool](#) and deep dives (for [shea SMEs in West Africa](#) and [women-owned agri-SMEs in Indonesia](#)), with a focus on the role of best procurement practices and SME supplier engagement. To get involved and learn more, contact Ruth Thomas, Director, GAA-Equitable Livelihoods, at thomas@wbcسد.org.

ABOUT THE WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

WBCSD is the premier global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future.

We do this by engaging executives and sustainability leaders from business and elsewhere to share practical insights on the obstacles and opportunities we currently face in tackling the integrated climate, nature and inequality sustainability challenge; by co-developing "how-to" CEO-guides from these insights; by providing science-based target guidance including standards and protocols; and by developing tools and platforms to help leading businesses in sustainability drive integrated actions to tackle climate, nature and inequality challenges across sectors and geographical regions.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability, united by our vision of a world in which 9+ billion people are living well, within planetary boundaries, by mid-century.

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ABOUT THE JUST RURAL TRANSITION

The Just Rural Transition initiative (JRT) brings together food producers, governments, businesses, investors, civil society, rural and indigenous peoples to champion people-centred solutions to food systems challenges. They aim to transform food systems by catalysing policy reform, encouraging investment partnerships, and mainstreaming food, land use, justice, equity, and rural livelihoods at the centre of efforts to realise sustainable development goals and the Paris Agreement.

JRT is a partnership of [Meridian Institute](#) and the World Business Council on Sustainable Development ([WBCSD](#)) with funding from the UK Department of Foreign, Commonwealth and Development Office and ClimateWorks Foundation. www.justruraltransition.org