

NESTLÉ PRIZE IN CREATING SHARED VALUE 2010
Nestlé Prize Laureate:
International Development Enterprises Cambodia



Farm Business Advisor, Puth Saroeun (left), discussing farming techniques with her farmer client, Yan Reach.

Area of focus	Rural development
Organisation	<p>International Development Enterprises (IDE) Cambodia</p> <p>IDE Cambodia is part of IDE, a non-profit international NGO with a unique market-based approach to poverty reduction. It helps to build profitable enterprises and value chains that deliver sustainable social and economic benefits to the rural poor, enabling them to increase their income and improve their quality of life.</p> <p>IDE established operations in Cambodia in 1994 and works primarily in rural areas, where the majority of Cambodia's poor live, and in two sectors that are critical for rural livelihoods: agriculture and water & sanitation.</p>
Country	Cambodia
Project Name	Farm Business Advisors: Scaling-up private-sector delivery of agricultural support services in Cambodia
Project description	<p>Since 2005, IDE Cambodia has successfully piloted a micro-franchise model for delivering high-quality agricultural products, services and technical advice to poor farmers through private Farm Business Advisors (FBAs).</p> <p>The objective of this programme is to facilitate a sustainable, demand-driven system to deliver productivity-enhancing products and services to small farmers in Cambodia.</p> <p>FBAs are independent micro-entrepreneurs who travel within a six-to-ten-village circuit assisting farmers to improve, intensify, or expand market-oriented agricultural production. Before becoming FBAs, they</p>

	<p>typically have a pre-existing business activity that puts them in regular contact with farmers.</p> <p>They analyse individual farm enterprises and match any constraints or missed opportunities that they identify with the products and services of their “toolkit”. The toolkit includes products such as irrigation equipment, good quality seeds, fertiliser, plastic mulch, plastic fencing, as well as collection and marketing services. FBAs also provide technical advice at the time of sale and during return visits throughout the growing season.</p> <p>FBAs are recruited and supported by a central franchisor, currently managed by IDE Cambodia. The franchisor does not pay salaries to the FBAs. Instead, it provides services such as training, bulk product purchases, credit access, market information, new product development, and branding/promotion to the FBAs as franchisees.</p> <p>IDE expects to spin off the franchise operations into a private enterprise with an explicit social mission. The objective is to create a sustainable, self-financed entity that will continue to serve small farmers without relying on continued donor support.</p> <p>It is estimated that the franchise system needs to bring together approximately 500 FBAs to become profitable.</p>
Rationale behind the project	<p>Eighty-five percent of Cambodia’s 14 million population and ninety percent of its poor live in rural areas and depend primarily on agriculture for their livelihood. Cambodian farmers can improve their standard of living by growing and selling vegetables. However, many cannot exploit this opportunity because they lack the technical know-how, quality raw materials, farming equipment, credit, or market information.</p> <p>The market-based approach promoted by IDE Cambodia responds to these challenges and creates significant value for small farmers and their families by enabling them to become more effective producers and marketers. In this model, farmers are treated as customers rather than beneficiaries of charity. This approach also creates value for FBAs as they earn an additional income by selling their products and services at a profit.</p>
Impact of the project to date	<p>IDE Cambodia started piloting the FBA concept in 2005 with three entrepreneurs receiving training and marketing support.</p> <p>Over a three-year period, the three entrepreneurs built a client base of 509 small farm households. On average, the FBA clients increased their net income by 27% from USD 382 to USD 480 per year.</p> <p>In late 2008, IDE began to build on this pilot experience by recruiting and training 21 new FBAs. By May 2010, there were 61 FBAs reaching 4,500 farmers, helping generate an annual net additional income of USD 150 per client household.</p>
Use of the Nestlé Prize monies	<p>The Nestlé Prize monies will be spent over a three-year period and will be used to implement the following activities:</p> <ul style="list-style-type: none"> • Recruitment of FBA candidates and training in agricultural and business skills; • providing FBAs with access to agricultural inputs, market information, and microfinance; • supporting FBAs with marketing materials and activities;

	<ul style="list-style-type: none"> • development and staffing of the FBA franchise management team; • development and strengthening of FBA franchise business systems; and • conducting market and technology research to continue expanding the range of products and services offered by FBAs. <p>The investment committed by Nestlé over a three-year period will result in the training of approximately 36 additional FBAs. This will have a direct and tangible impact on the lives of an additional 20,000 people in more than 4,000 rural households, and could generate a total value of approximately USD 1.9 million in new income for those poor farm households.</p>
<p>For more information</p>	<p>www.nestle.com/CSV/CSVPrize http://www.ide-cambodia.org/</p>