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MDF Case Study No. 5 | Part 2

IN SEARCH OF THE SWEET SPOT IN IMPLEMENTING MSD PROGRAMMES

Why Building the Plane While Flying it is the Only Approach That Works

Part 2 of The Messiness Series

February 2018

Marshall Bear and Harald Bekkers

Acknowledgements

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Abbreviations and Acronyms

BAF	Biosecurity Authority of Fiji
CLT	Core Leadership Team
DFAT	Department of Foreign Affairs and Trade
FJD	Fijian Dollar
GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis and Critical Control Points
ICT	Information and Communication Technology
MT	Mega Tonnes
PMEX	Pakistan Mercantile Exchange
PNG	Papua New Guinea
MDF	Market Development Facility
MSD	Market Systems Development
NZ	New Zealand
TC Winston	Tropical Cyclone Winston

Preface

Welcome readers, to Part 2 of The Messiness Series, a four-part series derived from MDF experience (2011 - 2017) – on *why and how* embracing messiness is the key to managing market system development programmes for success. Part 1 of this series examined the link between messiness and the industry/market context and found that in the horticulture industry in both thin (Fiji) and thicker (Pakistan) markets pro-poor growth potential is mainly found in the early, relatively less structured phase of an industry's life cycle, when risk-taking companies are ready to innovate to capture new market share, but have to do so in an environment in which regulations and support services are absent or nascent.

Part 2 in this series examines two further causes of messiness both related to how businesses – the prospective partners of a market system development facilitator – need to operate in this nascent and emerging market context. Like part 1, this part uses diagnostic tools to examine the inherent challenges faced by 22 MDF horticulture partners in Pakistan and Fiji in responding to opportunities they saw for growth which could be realized only by adopting a business model inclusive of poor people as suppliers, workers or customers. Part 2 concludes by taking a deep dive into 6 MDF partners to see how their innovative business models have worked out in practice.

So, gear up for more messiness in our search for the *sweet spot* to make our programme design, implementing methodologies and results measurement work in context.

About MDF

The Market Development Facility (MDF) is one of the leading market systems development (MSD) programmes funded by the Australian Department of Foreign Affairs and Trade (DFAT). MDF stimulates investment, business innovation and regulatory reform to create jobs for, and increase the income of, poor women and men in rural and urban areas in the Indo-Pacific region. MDF commenced operations in Fiji in 2011, expanded to Timor-Leste in 2012, to Pakistan in 2013, and to Papua New Guinea (PNG) and Sri Lanka in 2015. MDF commenced a second five-year phase in July 2017.

To achieve its aims, MDF negotiates partnerships with strategically positioned private and public sector organisations in its countries of operations. Each partnership builds on the partner's ownership and leverages their resources to create a tailor-made package of activities that enables them to innovate, invest and/or undertake reforms in such a manner that small farms and firms benefit from better access to production inputs, services and end markets. This makes them more productive.

Each partnership is underpinned by an innovative yet rigorous commercially-sustainable business model that contributes to broad-based, inclusive pro-poor growth. This drives systemic change in the market: innovations propel a new way or working that ultimately transform business practice within the market system.

Each MDF country has its own Country Team on the ground to engage the private sector. A Core Leadership Team (CLT), led by the Chief Executive Officer (CEO), works across all MDF partner countries to ensure uniformity and integration of approach and systems across countries, while at the same time providing sufficient operational flexibility for the Country Team on the ground. MDF can be scaled-up to support further market development activities within a country and activities in additional countries as needed.

This case study draws a comparison between the implementation experience in two MDF countries, **Fiji** and **Pakistan**.

Fiji represents a thin market context. The Fiji experience also applies to PNG and Timor-Leste.

Pakistan represents a mix of thin and thicker, more mature markets. The Pakistan experience comes closest to the dynamics observed in Sri Lanka. Importantly, all countries have thin markets in at least a part of their economy, and thus lessons learned in one thin market in one country are relevant for all other countries.

About the Authors

Harald Bekkers is Chief Executive Officer of Market Development Facility. Having gained his PhD in Political Economy from the University of Amsterdam in The Netherlands, Harald began working on Market Systems Development in the Katalyst program in Bangladesh in 2005. Between 2008 and 2011, he worked as a consultant, first with the Springfield Centre, then independently. He specialises in programme and strategy design, programme management, results measurement and specialised research (e.g. on poverty). He also developed a two-week course on Market Systems Development and Results Measurement together with Hans Posthumus Consultancy. In 2011, he started the Market Development Facility, which 6 years later is active in 5 countries in the Asia-Pacific region and recently got extended until 2022.

Dr. Bekkers has authored a range of studies on the role of business services and markets in the development process: "Bangladesh: Changing Markets in Favour of the Poor", with Nabanita Sen, *Asia Brief, Swiss Agency for Development and Cooperation*, 2011; "How to Assess if Markets Work Better for the Poor: Experiences and Results from the Katalyst Project in Bangladesh", with Alexandra Miehlbradt and Peter Roggekamp, *Enterprise Development and Microfinance*, Vol 19. No 1, 2008; "Lowering the Professional Frontier: A Service Market in Development in Ahmedabad, India" In: P.W. Daniels and J.W. Harrington (eds.): *Services and Economic Development in the Asia-Pacific*, Ashgate Publishing, Hampshire &Burlington, 2007; "Between Fixing and Forecasting: Provincial Ahmedabad Brokered into a Bridgehead for Globalization from Below", PhD thesis. University of Amsterdam, 2005; "The Growing Dependence of Public Banking on Private Consultants for Market Expertise and Risk Management in India", *Asian Business and Management*, Vol. 3, No. 4, 2004.

He also authored a range of technical documents for Market Systems Development projects: *Poverty Strategy Paper for the Cambodia Agriculture Value Chain Program*, (CAVAC) 2011; *Program PemBangunan Ekonomi Desa (ProPED)* Design Document, (AusAID) 2010; *The Katalyst Income to Jobs Factor: Jobs Created Around Katalyst Sectors due to Additional Growth Within Katalyst Sectors*, (Katalyst) 2009; *Estimating Sector Growth: A Possible Methodology and Indicative Results*, (Katalyst), 2009; *Absorption and Conversion as Urban Pro-Poor Growth Strategies – An Assessment of Labor Mobility in the Furniture Sector in Dhaka*, (Katalyst) 2009; *Opportunities for Market-led Development in Fiji to Support Growth, Employment and Resilient Communities*, (The Springfield Centre with Katalyst) 2008; *Pro-Poor Growth in Practice: Pro-Poor Growth Strategies for Katalyst Phase II, incorporating Gender and Environmentally and Socially Responsible Business*, (Katalyst) 2008; *Katalyst Phase II Project Document*, with Peter Roggekamp and Manish Pandey, 2007.

For the Market Development Facility, Dr. Bekkers has written a number of Strategic Guidance Notes, which represent best practice in Market Systems Development: *MDF Results Estimates for Five Countries 2011-2017*, with Mujaddid Mohsin, 2015; *Achieving Change in Markets: The MDF Framework for Defining and Populating Pathways for Systemic Change*, with Shahroz Jalil, 2015; *How Women Contribute to and Benefit from Growth: Integrating Women's Economic Empowerment in the MDF Approach*, with Victoria Carter and Linda Jones, 2015; *Managing Quality Amid Messiness: How to Foster Implementation-led Learning and Adaptation for Systemic Outcomes – The MDF MRM System for Researching, Analysing, Learning from and Reporting on Results*, with Samira Saif, 2017.

Marshall Bear is an independent consultant with extensive experience in the research, design, backstopping and evaluation of market system development programmes for inclusive growth. He has specific expertise in industry analysis, curriculum design and delivery of technical courses for staff of private sector development programs and facilitation of group-based strategic planning processes. He co-designed and delivered the core skills curriculum for the Springfield Centre's Making Markets Work training program from its inception in 2000 through 2012.

Mr. Bear has also co-authored a number of papers on private sector and market systems development:

Think pieces: "From Principles to Practice – Ten Critical Challenges for BDS Market Development," with Alan Gibson and Rob Hitchins, Small Enterprise Development Journal, Vol 14, No. 4, 2003; "Designing BDS Interventions as if Markets Matter" with Mike Field and Rob Hitchins, Microenterprise Best Practices, (DAI/USAID) 2000.

Technical guides: "Managing the Process of Change: Useful Frameworks for M4P Implementers" with Michael Field, EDM Journal (June 08); "Thai Silk: An Introduction to Subsector Analysis" with S. Haggblade, N. Ritchie and C. Gibbons, (CARE and DAI), video and facilitator's manual, GEMINI, 1992.

Technical studies: "Aggregation and its Effects on Kosovo's Fresh Fruit and Vegetable Market System", a review of Helvetas/Swiss Inter-cooperation 12-year Involvement in Kosovo Horticulture (2012); "Enhancing Local Sourcing of Fresh Fruit and Vegetables in Uganda's Domestic Market" with Richard H. Goldman, (ILO) 2005.

Mr. Bear is also a film producer: his latest release in March 2016 was the coming of age drama "Burning Bodhi," starring Kaley Cuoco ('Penny' in *The Big Bang Theory*).

The Causes of Messiness - A Partner Context Analysis

The Messiness Series

PART 1

Why and How Embracing Messiness is the Key to Success

This case study outlines the rationale for the series and presents its organizing framework. The central argument is that to create adaptive learning programmes able to manage messiness and embrace complexity, we need to embed 'flexibility contained by principles' in methodologies, programme design and results measurement. It examines why we should avoid overly rigorous, standardized practices and instead, focus on the underlying principles which allow flexibility, but prevent an 'anything goes' approach in which little could effectively be achieved. Use of an Industry Life Cycle tool allows us to compare the small island economy of Fiji with the much larger, mature markets of Pakistan and enables us to examine the reasons why messiness occurs, and how best to leverage different market and partner contexts.

PART 2

Analysing the Causes of Messiness via Two Further Diagnostic Tools

The second part of the Series builds on the Industry Life Cycle tool used in part one and applies two further diagnostic tools to assess and explore messiness at three different levels. An Ansoff Market Matrix is used to analyse the partner context and a Will/Skill matrix is then used to look at partnership deals. By looking at three partners in Fiji and three in Pakistan, the ways in which partnership outcomes affect and are affected by markets and partner dynamics is examined. The change process can be a bumpy ride with many of the challenges faced only emerging during implementation; the effects of these bumps in the road are explored.

PART 3

How to let go of the 'Proscriptive Orthodoxy' Without Ending up with 'Anything Goes'

The final section of the series outlines some of the implications distilled from MDF's experiences as relevant to a range of contributors - from MSD practitioners to donors and consultants. It challenges the reader to accept the messy realities of day-to-day MSD implementation and look closer at how, with better and deeper understanding of that messiness, we can move away from inward-looking methodologies and towards a degree of flexibility that drives economic growth for the people who need it most.

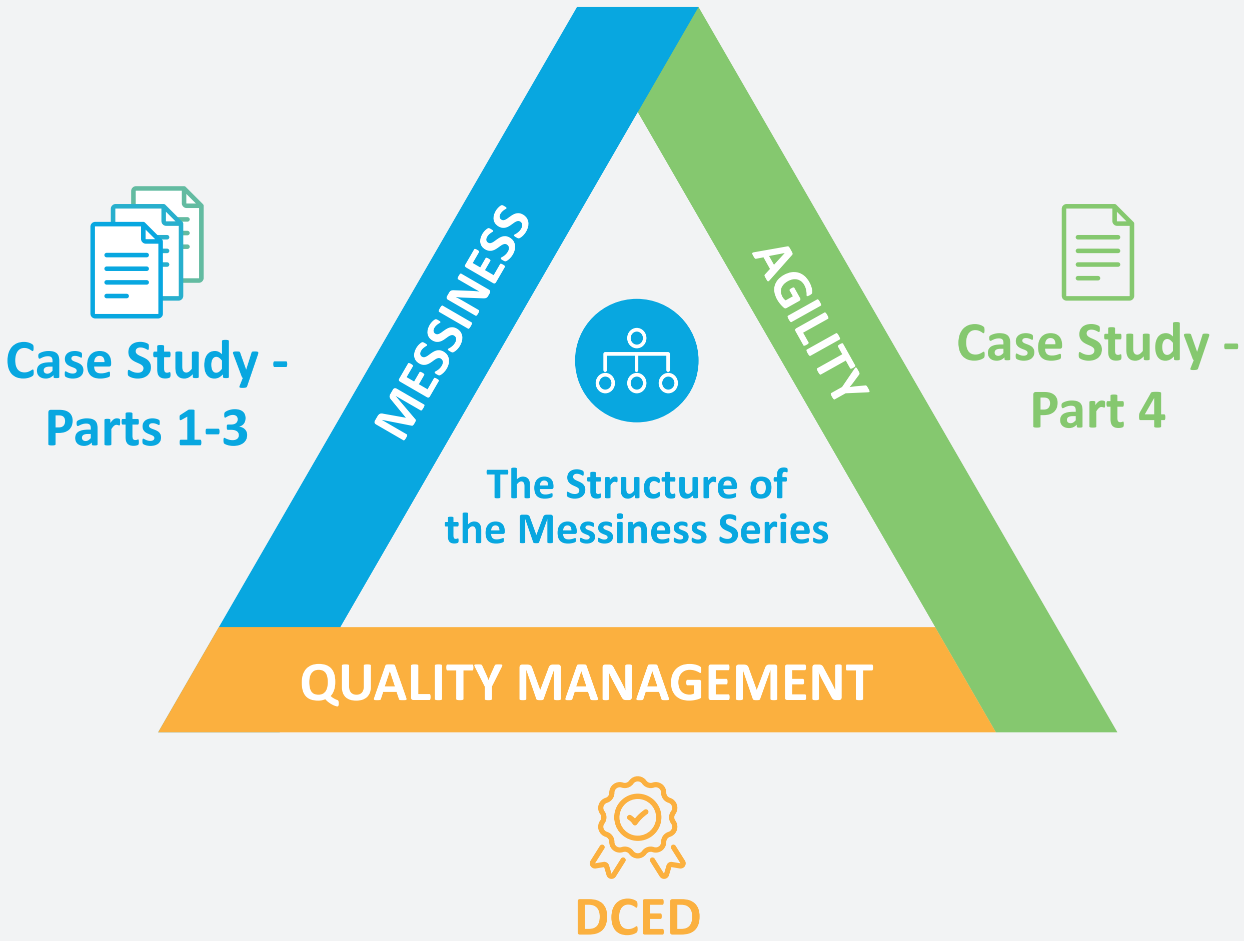
Agility

PART 4

Managing Messiness for Success

This case study discusses why an agile learning organization is best suited to manage messiness for success. It will look at what the inter-connectecd organizational functions are that need to be aligned for programmes to really understand and respond to messiness and outline how they can do that without sacrificing accountability. It is expected to be published later in 2018.

The Structure of the Messiness Series



The principles (control points) that guide a quality management system that stimulates learning from results, are sufficiently covered in the Donor Committee for Enterprise Development (DCED) Standard and are therefore not discussed in detail in this case study series.

Overall, the application of MSD principles for programme design and management, as well as results measurement, need to come together to help programmes manage messiness and embrace complexity. The authors therefore aim to illustrate that the success of a programme cannot hinge on a simple, proscriptive, standard set of practices, nor on an 'anything goes' approach that may be very flexible, but lacks the rigour to create sustainable results.

In Part One of this Series, the authors used an Industry Life Cycle tool to demonstrate that in both thicker and thinner markets, it makes most sense to work in sectors early in their Industry Life Cycles.

In this second part of the Messiness Series, the authors use a Partner Context Analysis to explore how the thick versus thin market dichotomy comes into play in the following ways:

- The opportunity environment in a thicker market, like Pakistan, will attract more market players who seek first-mover advantages. The partner context will, therefore, be richer and more diverse than is found in a thin market, like Fiji
- The pace of innovation and adoption will likely be quicker in thick markets as it will be driven by competitive pressures among first-movers and then their emulators. In thin markets, the pace will be slower as individual firms must find ways to share the risks and costs of innovations with other firms in their value chain. Inter-firm cooperation requires trust and relationship building and this takes time
- In both thick and thin markets, the process of change will be bumpy. In thick markets, when one innovating firm drops out, another firm is likely to takes its place. This is not the case in thin markets where, unless innovators and their trading partners get the incentives right the first time, the process will likely stop.

The partner context is assessed and analysed via the application of the Ansoff Market Matrix, a diagnostic tool that frames four possible growth strategies a business could take consistent with its vision of more inclusive growth of the markets they serve. This informs the overall riskiness of the business strategy, what a partner needs to do, the facilitation support that is needed, the level of risk and effort needed by a partner to innovate or progress, timeframes, chances of success – all impacted and overlayed by the wider market context. The partner context is then further analysed with the help of the Will/Skill matrix. It is used here to show the relative degree of will (incentives) and skill (capacity) of a partner to advance its inclusive business growth model in partnership with MDF.

Introducing MDF's Horticulture Partners

In developing this case study, the authors drew on 22 of MDF's active[1] horticulture partners in Pakistan (9 partners) and Fiji (13 partners). For a full overview of the partners assessed, please refer to Annex A, which outlines the partner name, type of firm, type of horticulture products, geographic location and their position in the market system.

Figures 1 and 2 overlay the location MDF horticulture partners operations on their respective country maps. The maps show that MDF is working in more remote geographic locations in both countries.

The application of the Ansoff Market Matrix and the Will/Skill Matrix highlight how MDF partners work within **different market contexts to advance their plans for business growth**. In turn, this sheds further light on what causes messiness and how crucial an understanding of that dynamic is to building pro-poor growth.

> Readers are urged to take a quick detour now to familiarise themselves with the 22 MDF partners – 9 in Pakistan and 13 in Fiji – profiled in this case study.

[1] Active in this instance refers to both active partnerships and partnerships for which activities were completed but monitoring was ongoing.

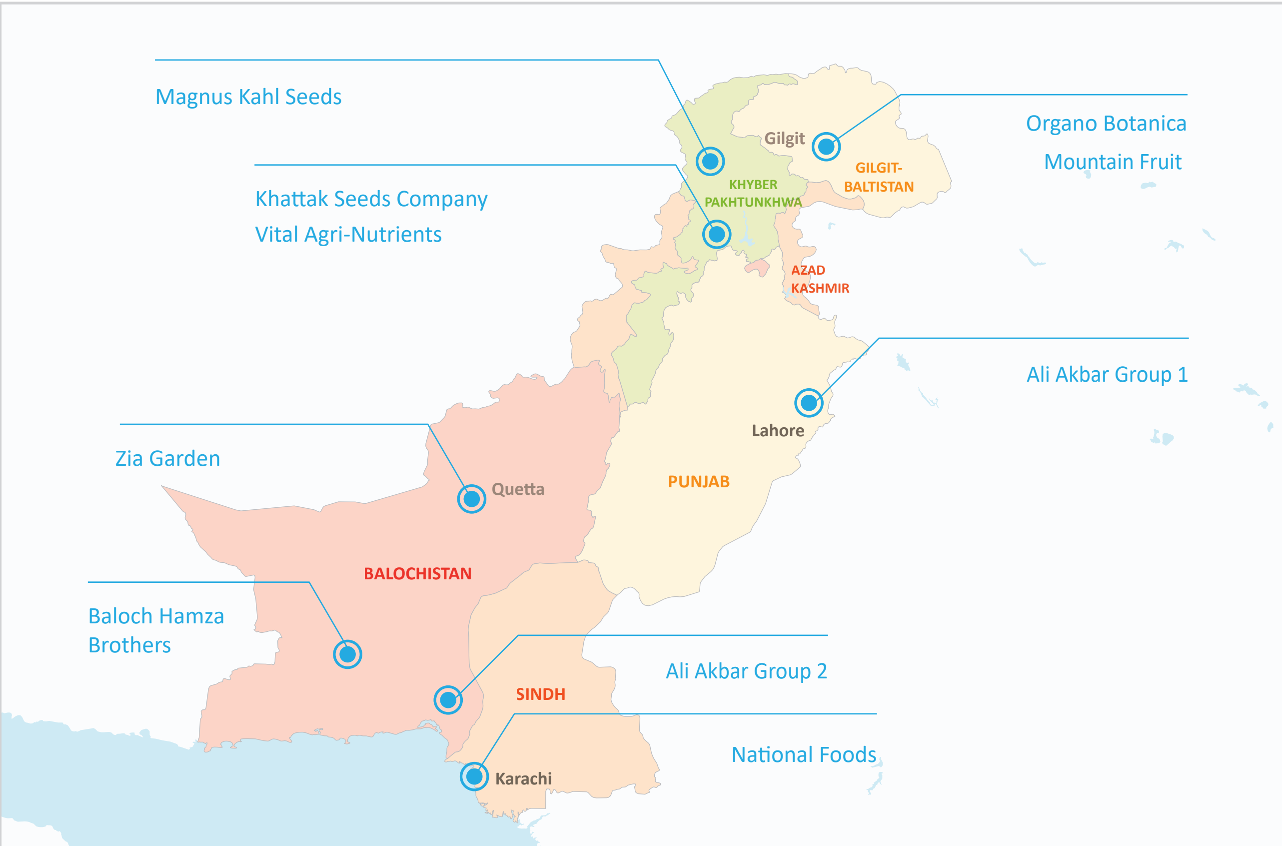
MDF's Pakistan Partners

1. **Sector positioning and products/services:** All MDF's horticulture partners in Pakistan are part of a tightly linked chain of value addition. Organo Botanica, National Foods, Magnus Kahl Seeds, Baloch Hamza, and Mountain Fruits are processors/exporters seeking to improve supply arrangements with farmers to meet market demand at home or abroad with a range of agricultural processed products, including apricots, chillies, onion seeds and dates. Ali Akbar Group, Vital-Agri Nutrients, Zia Gardens and Khattak Seed Company are input supply firms which seek to position their bundle of horticulture productivity solutions and services in the small farmer segment of the market.

2. **Firm type, size, and sophistication:** Most of MDF's partners are local small or mid-size regional firms (Organo Botanica, Mountain Fruits, Baloch Hamza, Khattak Seeds Company, Vital-Agri Nutrients and Zia Gardens), with some large national firms (National Foods and Ali Akbar Group) and one global firm (Magnus Kahl Seeds). The smaller firms are typically sole proprietors or family businesses with basic but fit-for-purpose business management systems. The larger firms are corporations with sophisticated business management systems.

3. **Geographic focus:** Figure 1 maps MDF's horticulture-related partners in Pakistan. Most of these partners are concentrated in the borderland areas, the nexus between the best growing conditions for horticulture and the highest concentration of poor farming households. Most of MDF's partners are located in the regions that they serve. National Foods and the Ali Akbar Group seek to expand their operations to the borderland areas, where operational costs and risks are higher, but competition is lower.

Figure 1 MDF Pakistan's Horticulture Partner Locations



MDF's Fiji Partners

1. Sector positioning and products/service: All partners are part of a tightly linked chain of value addition, however, unlike Pakistan, many of MDF Fiji's partners must take on more value chain functions to operate and grow their businesses. Labasa Farm Fresh, Maqere Exports, Fijika Natural Products, South Pacific Elixirs and Bula Foods are processors cum exporters who source horticulture products – either collected (coconuts, jackfruit) or cultivated (eggplants, cowpeas, lettuce etc.) – directly from farmers in nearby local communities primarily for diaspora markets abroad. These firms cannot turn to a larger trader to aggregate required supply from different sources as Fiji's island economy is small, with weak logistics infrastructure. Ben's Trading is the exception. This firm sources nationwide through a network of agents and exports to other Pacific Island Countries, Australia and New Zealand through a network of buyers for both the diaspora and mainstream markets. Farmboy was Fiji's first specialised aggregator which specifically sought to link horticulture producers to Fiji's tourist hotels.

On the input supply side of the value chain, four partners are engaged in the manufacture (Standard Concrete Industries) and nation-wide distribution (KK Hardware, A. Hussain, Global Cargo Traders) of agricultural lime to Fiji's farmers. Two firms focus on supplying improved planting materials to the horticulture sector, with Devesh and Bharos Farms supplying vegetable seedlings and BioTec supplying planting material for root crops derived from tissue culture techniques.

2. Firm type, size, and sophistication: Most of MDF's horticulture partners in Fiji are small-scale and often recently established family businesses. All have rudimentary technical and business management systems unable to support processing or exporting. Some have family connections in the importing countries whereas others must find import partners. Standard Concrete Industries is a large (by Fiji standards) locally owned corporation. While new to agriculture, Standard Concrete Industries has specialised in building materials for many decades. Its distribution partners (KK Hardware, A. Hussain and Global Cargo Traders) are medium-sized firms with a high degree of variability in terms of business acumen and systems. Ben's Trading, a family owned business, is Fiji's largest exporter of root crops.

3. Geographic focus: Figure 2 maps MDF's horticulture-related partners in Fiji. The Fiji horticulture portfolio is spread out geographically, with a deliberate focus on advancing horticulture exports from Vanua Levu, Fiji's second largest island. Logistics is expensive and time-consuming across Fiji, particularly when goods are transported from the outer islands to the main Fiji market centres, primarily on Viti Levu. Processors located in Vanua Levu, for example, find it more cost effective to export products to Australia and New Zealand than to transport and sell in Viti Levu's market centres. This is because better selling prices compensate for the higher shipping costs and any import duties. As is often the case in thin market settings, the support services in Fiji, from aggregation to logistics, are either weak or non-existent.

Figure 2 MDF Fiji's Horticulture Partner Locations

Why Were These Partners Selected and Not Others?

All of MDF's horticulture partners in Fiji and Pakistan were strategically selected according to their fit with the respective MDF horticulture sector strategies and pathways for market system change, inclusive of pro-poor growth. MDF's sector strategy formulation is centred on identifying points in the system where MDF can leverage pro-poor outcomes and always precedes partner selection.

> Especially in relatively thinner markets, MDF's approach to moving towards systemic change is to first intervene at different points in the value chain, as desired changes among value chain actors must first be realised in the core of an industry before MDF can seek to influence change elsewhere in the system, and then leverage this change for inclusive growth (e.g. supporting functions and rules).

MDF articulated two systemic change pathways – the process by which value chain actors align incentives and build relationships for mutual benefit – to foster inclusive growth in the sector (reference Figure 3 below). While there are small differences in how these two systemic change pathways are applicable between Pakistan and Fiji, they are outlined below:

1

Systemic Change Pathway 1

When agro-input suppliers adopt innovative approaches to distribute and retail genuine inputs, services and information to reach more smallholder horticulture producers, and producers adopt these productivity-enhancing inputs, then poor farming households can continuously attract agricultural input innovations into their small farm economies.

2

Systemic Change Pathway 2

When exporters/processors invest in value chain innovations such as better sourcing arrangements with suppliers, better forecasts of demand and farm supply, adopting and complying with standards of quality and licensing requirements, and these practices become the norm of business practice, then poor households who collect and/or cultivate horticulture products can share in the benefits of higher value markets in proportion to their level of effort.

Essentially, in both countries, MDF's strategy is to enable poor farming households to shift from saturated and/or price-driven value chains into higher value quality driven value chains by linking them to the improved sources of inputs and knowledge. These inputs and knowledge are required to adopt the farming and business practices needed to allow them to become valued trading partners with processors and their customers. Essentially, in both countries, MDF's strategy is to enable poor farming households to shift from saturated and/or price-driven value chains into higher value quality driven value chains by linking them to the improved sources of inputs and knowledge. These inputs and knowledge are required to adopt the farming and business practices needed to allow them to become valued trading partners with processors and their customers.

Figure 3 MDF Pakistan and MDF Fiji Partners Per Systemic Change Pathway

PAKISTAN PARTNERS

PATHWAY 1

ALI AKBAR GROUP: Ag input solutions to increase productivity of Punjab Kinnow (a type of mandarin) & Baluch vegetable farmers.

MAGNUS KAHL SEEDS: Global firm multiplies HYV onion seed with Khyber Pakhtunkhwa contract farmers for export.

KHATTAK SEEDS CO: HYV cucumber seeds and better farming methods (stakes) in KPK's vegetable belt.

VITAL AGRI NUTRIENTS: Bio-fertilizer products/services for vegetable farmers in Khyber Pakhtunkhwa.

ZIA GARDENS: Vegetable seedlings for small scale vegetable growers in Baluchistan.

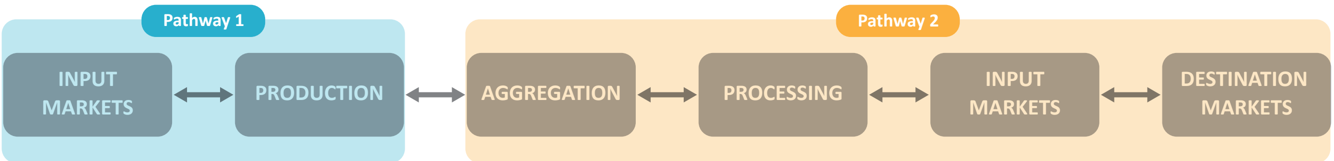
PATHWAY 2

NATIONAL FOODS: Large national processed food products firm innovates with low content Aflatoxin chilli powders for quality/safety conscious consumers.

BALUCH HAMZA: Small regional processor improves sourcing efficiency of dates from small farmers & upgrades factory.

ORGANO BOTANICA: Better sourcing and processing of apricots for export into certified organic markets for this Gilgit-Balistan processor.

MOUTAIN FRUITS: Study benefits/risks of processed apricots in organically certified export markets for this Fairtrade processor based in Gilgit-Baltistan.



FIJI PARTNERS

PATHWAY 1

STANDARD CONCRETE: Manufacture of agricultural lime and nationwide distribution with partners:

- **KK Hardware:** Full service hardware store in Viti Levu
- **Global Cargo Traders:** Agricultural input supplier in Viti Levu
- **A. Hussain:** Full service hardware store in Vanua Levu

DEVESH/BHAROS FARMS: Vegetable seedlings for commercial and backyard growers in Viti Levu.

BIOTECH: High quality planting material using tissue culture technology for commercial growers of root crops.

PATHWAY 2

LABASA FARM FRESH: Better sourcing, extension and cold storage of traditional food items for export.

FIJIKA NATURAL PRODUCTS: Exposure to export markets for line of natural soaps, oils and juices.

MAQERE EXPORTS: Better sourcing, extension to vegetable farmers to meet increasing export orders.

SOUTH PACIFIC ELIXIRS: Global exporter of kava infused relaxer drink processed from "fresh" kava supplied by out-growers

FARMBOY: Specialised vegetable aggregator in Western Fiji for Fiji Tourist hotels.

BULA FOODS: Vegetable exporter to mainstream markets in Australia and New Zealand.

BEN'S TRADING: HACCP certification to expand root crop exports into mainstream markets in Australia/New Zealand and other PIC markets.

Where do the partners fit along the systemic change pathways?

The 22 Fiji and Pakistan partners presented in this case study were chosen over other prospective partners because there was a good 'fit' between the partner's business growth objectives and MDF's systemic change pathways to inclusive growth. Figure 3 plots MDF's horticulture partners within the value chain and outlines how MDF sought to leverage these partners, and the innovations MDF supported, to bring about inclusive growth.

The thick versus thin market dichotomy plays a significant role in MDF's choice of both systemic change pathways and the partners from which it leverages a systemic change process with desired pro-poor outcomes.

MDF Pakistan's nine horticulture partners are slightly more concentrated in Pathway 1 than Pathway 2 due to the following reasons:

- Competitive pressures are driving input suppliers to differentiate themselves across several target market dimensions, including: (i) positioning small farmers as suppliers of outputs and buyers of inputs; (ii) tailoring bundles of services/solutions on offer for different market segments, including small farmers; and, (iii) entering underserved agriculture zones earlier than their competitors.
- Demand signals from destination markets in Pakistan and in regional markets are reasonably strong, so MDF's strategic focus is therefore on a supply-push versus a demand-pull strategy.
- Input supply firms benefit from an open market with few government restrictions on imports and/or local manufacture of improved technology (e.g. seeds, chemicals, equipment).

Conversely, MDF Fiji's 13 horticulture partners are more concentrated Pathway 2 than Pathway 1, due to the following reasons:

- Processors/exporters must first understand and then amplify weak demand signals from destination markets, almost exclusively export markets (including Fiji's tourist market).
- Processors/exporters must take on more value chain functions – supplying their own inputs, direct sourcing, aggregation – to respond to demand for their processed agriculture products.
- Input markets in Fiji are weak and largely focused on the declining sugar and copra industries propped up by government subsidies, and so input suppliers can only grow if more farmers adopt commercial practices in other crops, such as horticulture.
- Government policies and tight government/private input firm alliances stifle more input suppliers from gaining access to better inputs required by the horticulture sector.

?

How does the motivation and skilfulness of MDF partners differ between the thicker Pakistan market and the thin Fiji market?

Analysis of the Partner Context (Applying the Ansoff Market Matrix)

Against the above backdrop of partner introductions and how they fit into the horticulture strategy and systemic change pathways in both countries, the authors assessed whether, in the thicker market context of Pakistan, the business expansion strategies pursued by MDF partners were more or less complex than those pursued by MDF partners in Fiji's thinner market context. Related to this, the authors explored the level or risk required by partners (and MDF) in the pursuit of growth and systemic change. This understanding is important as higher risk levels tend to translate into increased levels of 'messiness' in implementation.

All MDF partner firms must re-invent themselves to some degree to successfully advance a business growth strategy, inclusive of poor people, as valued trading partners and/or as consumers of goods and services.

Once again the thick versus thin market dichotomy influences the degree of reinvention that may be required:

1. How does the risk profile of an MDF partner business expansion strategy differ when undertaken in the thicker Pakistan market versus Fiji's thin market?

2. How does the incentive for a changed business model inclusive of poor people and the capacities to make it work differ between MDF partners in Pakistan and Fiji?

The Ansoff Matrix was used to illustrate the relative degree of 'reinvention' required by each MDF partner. The matrix classifies a firm's expansion strategy against four variables – products and markets, new or existing – to arrive at a matrix of four expansion strategies, listed in order of risk levels – from lowest to highest:

- **Market penetration:** Capture market share with an existing product (bottom left quadrant). This is the least risky strategy to pursue since both product and market are known.
- **Market development:** Target a new market with an existing product (top left quadrant). This is a slightly riskier strategy compared to the first one, since it combines one known entity (the product), with an unknown entity (a new market).
- **Product development:** Capture market share with a new product (bottom right quadrant). This is again a somewhat riskier strategy as it combines one known entity (the market), with one unknown entity (product innovation). Developing a new product is usually more complex than entering a new market.
- **Diversification:** Target a new market with a new product (top right quadrant). This is the riskiest strategy since both product and market are unknown.

Pakistan Horticulture Partners Positioned on the Ansoff Market Matrix

Figure 4 plots each of MDF Pakistan's nine horticulture partners on the Ansoff Market Matrix to show the inherent challenges, risks and costs associated with the choice of strategy supported by MDF.

Figure 4 MDF Pakistan Partner Expansion Strategies Positioned on the Ansoff Market Matrix

Market penetration quadrant

As mentioned, among the four possible expansion strategies, this strategy is the least risky as it leverages a firm's current capabilities to serve existing consumers with familiar products. Adding new product features (e.g. more knowledge on product use/benefits or better packaging), investing in promotion (e.g. rebates, discounts, advertising), improving supply chain efficiency or finding cost-effective sources of raw materials, are among the business tactics common within this strategy.

Pakistan's partner activities as they relate to the quadrant are summarised below:

Baloch Hamza[2]: This small-scale, regional date processor wanted to capture more market share by improving its supply chain efficiency through on-farm packaging (thus reducing post-harvest loss) and supplying individually wrapped dates to its customers.

Ali Akbar Group[3] (1): This nationwide agricultural input supply firm took on the challenge of finding productivity solutions for kinnow (a high yielding mandarin hybrid) growers in Punjab at a time of great urgency (declining yields due to pest problems). Through this, it aimed to build market share through increased customer loyalty.

Organo Botanica: A small-scale regional exporter of mountain fruits, Organo Botanica needed to attain the organic certification, and related improvements in its processing efficiency, to meet the standards of buyers (primarily existing buyers) in importing countries. These business improvements were needed for both organic and non-organic apricot products (whole, pulped, dried).

Magnus Kahl Seeds[4]: This Australian-based company took on the challenge of entering Pakistan to diversify its source of HYV onion seed for its global supply chain. It first tested the efficacy of growing conditions in the Khyber Pakhtunkhwa region, before moving to bulb to onion seed production with contracted farmers (initially male and later female) on suitable land located near good road access.

Diversification quadrant

This is the riskiest of the four possible expansion strategies as it requires a firm to understand the behaviours and preferences of new customers, and to identify and promote the new product features more likely to satisfy their needs against current products or substitutes. MDF Pakistan does not currently support this expansion strategy in its horticulture portfolio. In thick markets, there is so much scope for MDF partners to pursue less risky strategies for business growth with meaningful pro-poor outcomes that the business drivers for diversification (and the need for this level of risk) are less common.

[2] Baloch Hamza is also profiled later in this section to learn how this partnership has evolved over time.

[3] MDF has had two successive partnerships with Ali Akbar Group: Kinnow first, followed by vegetables.

[4] Magnus Kahl Seeds is also profiled later in this section to learn how this partnership has evolved over time.

Market development quadrant

This quadrant signifies a firm's pursuit of new market segments for existing products. New markets can be segmented by demographics, gender, land size, and /or access to existing or new locations. This strategy leverages a firm's knowledge of the benefits/uses of its product(s) against competing products or substitutes. Consumer research, knowledge transfer on product choice/uses are among the tactics firms use to enter new markets for their existing products.

Pakistan's partner activities as they relate to the quadrant are summarised below:

Ali Akbar Group (2): Ali Akbar Group sought to develop new markets among small scale vegetable farmers (first time targeting the small farmer market) in Balochistan (expanding from Punjab into a new geographic location). It did this by establishing demonstration plots, conducting farm field days and promoting and targeting its small farm economy product bundles in more widely dispersed production zones than are found in Punjab.

Mountain Fruits: A small-scale exporter of fair trade certified fruit products, Mountain Fruits wanted to assess the benefits, risks and challenges of entering the more sophisticated organic certified mountain fruits export markets as part of its long range strategic plan.

Vital Agri-Nutrients: Vital Agri-Nutrients wanted to expand operations into Balochistan, a new geographic area for the firm, and raise farmer awareness of the benefits of biologics as a soil additive that improves plant uptake of phosphorous from soil.

Product development quadrant

This quadrant signifies the ongoing process of adding new features to existing products or finding new products to meet changing needs of existing customers. Like market development, this strategy is riskier than capturing more market share. It involves investments in research, product testing and changes in agronomic practices as part of the process of promoting new products to existing customers.

Pakistan's partner activities as they relate to the quadrant are summarised below:

National Foods[5]: This company was keen to differentiate its chilli powder by its low aflatoxin content (a naturally occurring cancer-causing mould) for the growing health/food safety conscious markets, both domestically and abroad. This involved research investments in better seeds and related trials, and extending best practice cultivation and chilli drying techniques to farmers.

Khattak Seeds: This small regional agro-input supplier wanted to introduce vertical cucumber farming to existing customers in the Khyber Pakhtunkhwa vegetable belt. This would be done by upgrading its sales/service model to include information, demonstrations and technical assistance.

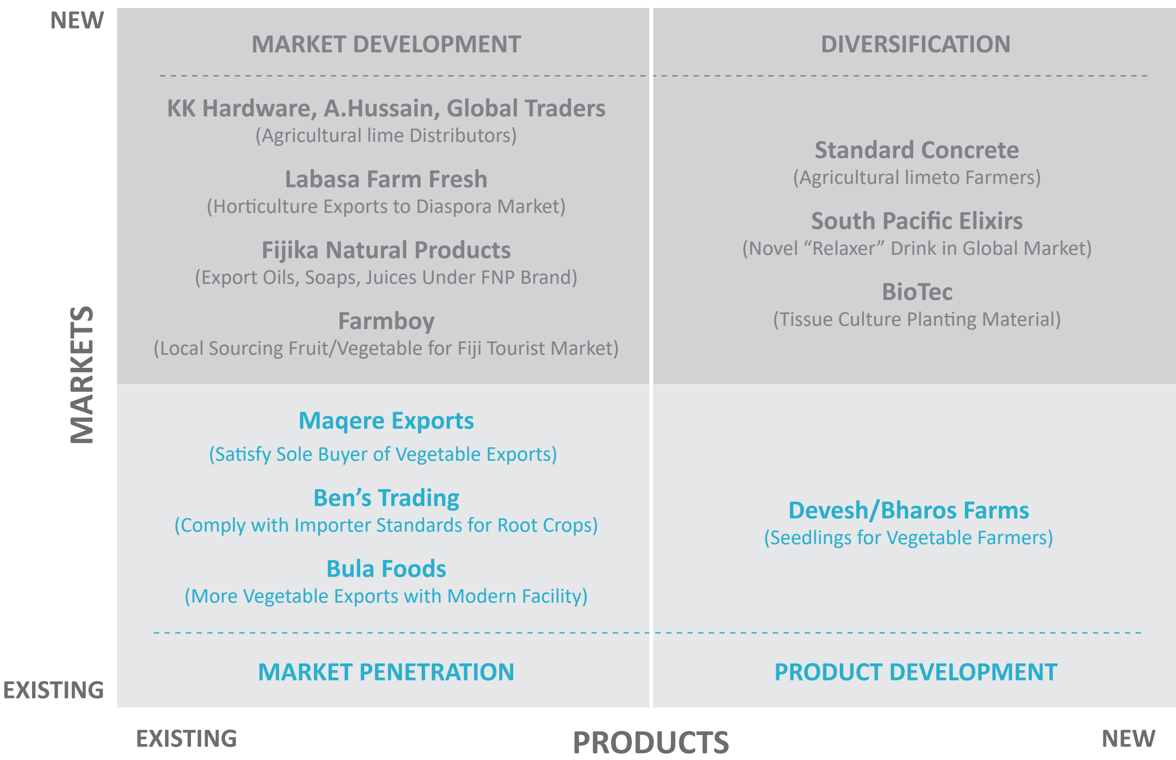
Zia Gardens: A Balochistan-based floriculture nursery, Zia Gardens wanted to add vegetable seedlings to its product offerings to small farmers. To do this it would double its seedling capacity (using plastic tunnels), improve its knowledge of seedling management under controlled conditions and transfer best practice seedling management to its customers.

[5] National Foods is profiled later in this section to learn how this partnership has evolved over time.

Fiji Horticulture Partners Positioned on the Ansoff Market Matrix

MDF Fiji’s 13 horticulture partners are plotted on the Ansoff Market Matrix in Figure 5, followed by an explanation of the partner strategies and how they fit within each quadrant.

Figure 5 MDF Fiji’s Partner Expansion Strategies Positioned on the Ansoff Market Matrix



Market penetration quadrant

As mentioned above, among the four possible expansion strategies, this strategy is the least risky as it leverages a firm’s current capabilities to serve existing consumers with familiar products.

Fiji's partner activities as they relate to the quadrant are summarised below:

Maqere Exports: All Maqere Exports processed products are sold/distributed into the diaspora market through its Auckland-based parent company. Horticulture farmers linked to this export channel have a guaranteed market if the parent company continues to grow.

Ben’s Trading: Fiji’s largest root crop exporter, Ben’s Trading wanted to expand current sales in both diaspora and mainstream markets with more emphasis on higher volume/value mainstream markets.

Bula Foods: With a strategy similar to Maqere Exports, Bula Foods sources vegetables for export to Australia from a different part of Vitu Levu than does Maqere Exports.

Market development quadrant

This quadrant signifies a firm's pursuit of new market segments for existing products. This strategy leverages a firm's knowledge of the benefits/uses of its product(s) against competing products or substitutes, but in a new market context.

Fiji's partner activities as they relate to the quadrant are summarised below:

Labasa Farm Fresh[6] and Fijika Natural Products: Business expansion for these two Vanua Levu-based processors/exporters is most assured if they focus on exports. Given logistical challenges and costs, it is more cost-effective for these firms to serve a more distant, higher value, but more tightly regulated export market, than it is to penetrate the domestic Vitu Levu market. They receive lower prices for their products within Fiji, and the costs of logistics (infrequent connections, delays) are on par if not more expensive than shipping their products to Australia and New Zealand. Both firms must invest in attaining certifications for market entry and market intelligence to sell more of their products into the diaspora and mainstream markets. With a brother in Australia, Labasa Farm Fresh had a connection on the ground gathering market information whereas Fijika Natural Products is a relatively new market entrant in the export market when it decided to shift from supplying bulk buyers in Fiji to selling its own branded products.

KK Hardware, A. Hussain and Global Cargo Traders: These firms are tasked with building demand for agricultural lime and delivering it to farmers directly or through their farmer representative organisations (Fiji Sugar Corporation). KK Hardware and A. Hussain are hardware stores that see this as an opportunity to expand their footprint in agriculture and with farming households. Global Cargo Traders is a licensed agriculture inputs dealer tasked with finding agricultural lime customers among its current customer base.

Farmboy: A small-scale aggregator, Farmboy saw an opportunity to source locally grown fruits and vegetables for sale to tourist hotels in Denarau, the hub of Fiji's tourist industry. Tourist hotels represent frequent, high volume demand for fresh fruits and vegetables, most of which are grown in Fiji but are frequently imported.[7] Farmboy faced the challenge of ensuring timely delivery of fruits and vegetables at sufficient scale and freshness to enter and stay in this market.

Product development quadrant

This quadrant signifies the ongoing process of adding new features to existing products or finding new products to meet changing needs of existing customers. Like market development, this strategy is riskier than capturing more market share as it involves investments in research, product testing and changes in agronomic practices as part of the process of promoting new products to existing customers.

Fiji's partner activities as they relate to the quadrant are summarised below:

Devesh and Bharos Farms: This firm's growth depends primarily on its ability to promote and educate its customers on the benefits of planting higher-cost seedlings over lower-cost seeds. Devesh and Bharos farms must convince commercial growers who are not accustomed to using seedlings, that the higher-cost option is the more cost-effective option for vegetable production.

[6] Labasa Farm Fresh is profiled later in this sector to learn how the partnership has evolved over time.
[7] Almost 70% of all food items including fruits and vegetables are imported.

Diversification quadrant

This is the riskiest of the four possible expansion strategies as it requires a firm to understand the behaviours and preferences of new customers and identify and promote the new product features more like to satisfy their needs against current products or substitutes. For business start-ups like BioTec and South Pacific Elixirs, an analogy that represents this strategy would be 'building a plane while flying it.' For established firms like Standard Concrete Industries, this strategy requires a complete reinvention of the firm's core components (policies, staffing and internal systems).

Fiji's partner activities as they relate to the quadrant are summarised below:

Standard Concrete Industries[8]: Fiji's largest supplier of building materials, Standard Concrete Industries wanted to maximise returns from it quarry operations. The opportunity to transform its limestone reserves into lime for agriculture therefore made good sense, especially at a time when Fiji's agriculture sector was seeking solutions to a nationwide problem of highly acidic soils. Standard Concrete Industries took on the challenge of diversification and offered a new product (agricultural lime[9]) to a new market (agriculture inputs). This required Standard Concrete Industries to establish a separate production, supply, marketing and distribution system for this single agricultural product in its overall product mix of building materials. At the same time, the company had to build its knowledge of the sugar cane market system – the single largest potential user of agricultural lime – and determine how to position the product so that farmers considered it as part of their soil management practices and related fertiliser and other input purchases.

South Pacific Elixirs[10]: This business start-up took on the enormous challenge of creating a novel new product – a fruit flavoured kava-infused 'relaxer' drink called Taki Mai – for an emerging global market. Relaxer drinks have been positioned as an alternative to the huge global market for energy drinks, such as Red Bull. On the product side, South Pacific Elixirs had to formulate a product rich in 'kava lactones', the active relaxer ingredient in kava, which requires the cultivation of fresh kava produced from "noble" kava strains. On the market side, South Pacific Elixirs had to differentiate Taki Mai from other kava powdered and liquid drinks (made from "ignoble" kava strains.) to overcome a negative market perception (and related import bans) linking products made from these kava varieties to liver ailments.

BioTec: High quality, mass propagated planting material using tissue culture methods is a new product for root crop farmers in the South Pacific Islands, including Fiji. While farmers may be aware of tissue culture techniques, they have little or no understanding of the benefits and costs of this type of planting material in comparison to commonly used materials. As BioTec moved from pilot to commercial scale production, the company faced the challenge of offering a new product to an unfamiliar or new market.

[8] Standard Concrete Industries, KK Hardware, A. Hussain and Global Cargo Traders are profiled later in this Section to learn how this partnership has evolved over time.

[9] The practice of liming sugar cane fields was commonly practiced by farmers but fell into disuse decades earlier.

[10] South Pacific Elixirs is profiled in Section 3 to learn how this partnership has evolved over time.

The comparison of the two Ansoff Market Matrices shows that the business expansion strategies of MDF partners pursued in Fiji are overall significantly riskier than those pursued in Pakistan. Fiji has relatively more partnerships that fit in the top right, riskiest quadrant, whereas in Pakistan this quadrant is empty and the portfolio leans more toward the less risky quadrants. If one were to rate the risk for each quadrant from 1 to 4 (1 for the least risky, 4 for the riskiest), then the average in Pakistan would be 1.9 (squarely within the left size of the matrix), whereas in Fiji the risk rating would be 2.5 (squarely within the right side of the matrix).

In Fiji's thin market, that there are simply less partners to work with, and the 'gaps' in the market system are bigger. For those system functions that MDF aims to improve as part of its strategy to achieve transformative change in different sectors of the economy, the potential partners best positioned to take up this function are still relatively far removed from it; their business expansion strategies need to be ambitious and risky to take up that new function. Fiji's Standard Concrete Industries-- the building materials company that became an agro-input supplier-- is the best example to illustrate this finding (see more on SCI's bumpy road to that transformation below).

In Pakistan there more, larger and sophisticated companies, better placed to pursue relatively more manageable, less risky expansion strategies. This does not mean that market development in Pakistan is not messy- oh no! Section X will show that Pakistan partners have encountered many bumps in the road in putting into practice their inclusive business expansion strategies. Yet, MDF partners in thin markets like Fiji (PNG and Timor Leste) using similar expansion strategies will face many more bumps than counterparts in Pakistan.

Question 1:

How much does the risk profile of an MDF partner's business expansion strategy differ when undertaken in the thicker Pakistan market versus Fiji's thin market?

Answer:

Significantly.

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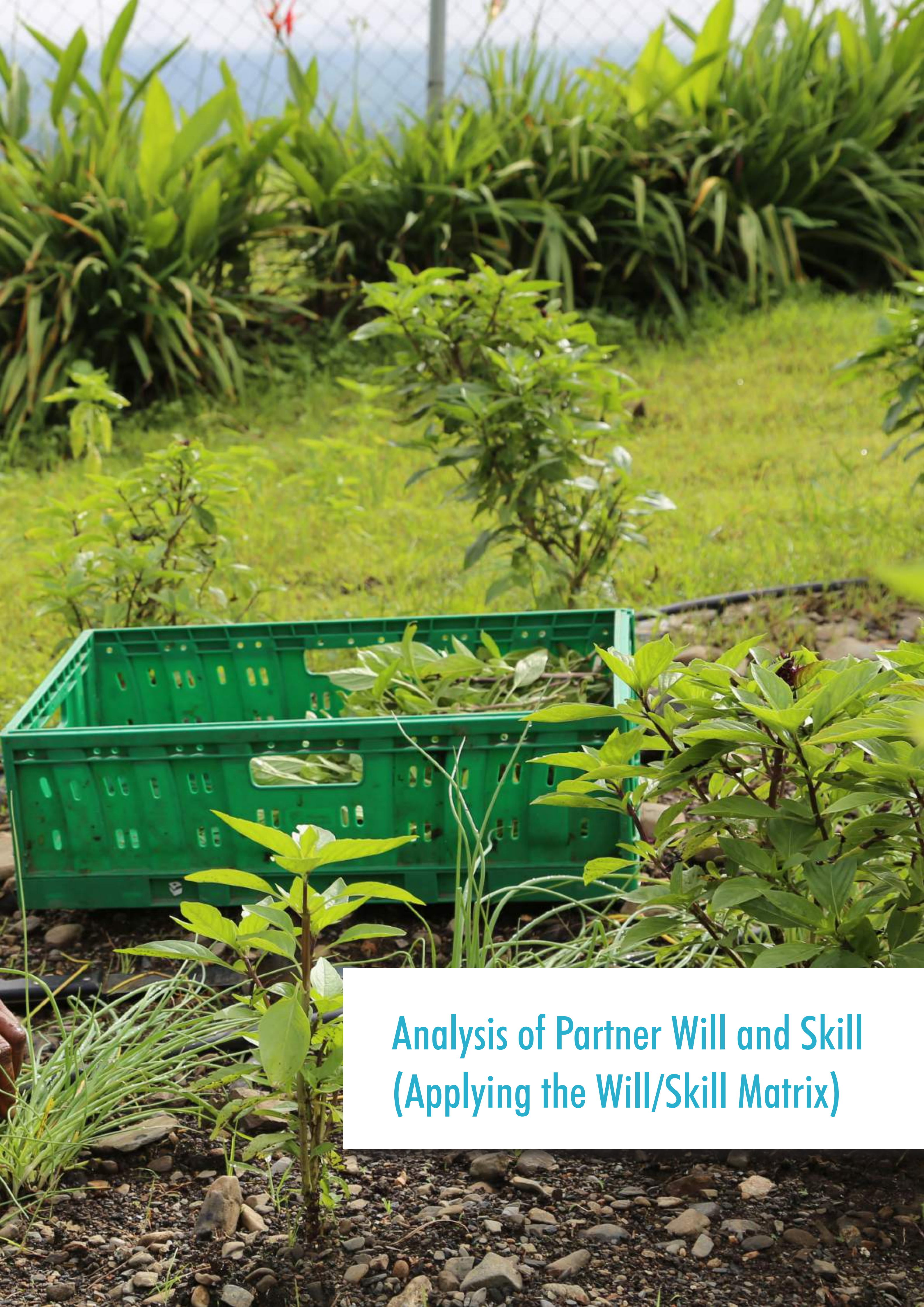
Question 2:

How does the incentive for a changed business model inclusive of poor people and the capacities to make it work differ between MDF partners in Pakistan and Fiji?

Answer:

Let's unpack this question by using the Will/Skill Matrix.



Analysis of Partner Will and Skill (Applying the Will/Skill Matrix)

As outlined earlier, the early stages of an Industry Life Cycle is the point in time where pro-poor growth is more likely to occur. It is typically newly formed firms, or firms moving into new markets with which they are not familiar, that are best positioned to align business objectives with pro-poor growth. The authors now focus in on an additional layer of messiness that emerges due to the types of partners that practitioners often find themselves working with. They present the characteristics of these partners in terms of 'will' and 'skill', two variables that determine how an MSD practitioner will structure a partnership deal and facilitate its progress.

Analysing Partner Incentives and Capacity (Applying the Will/Skill Matrix)

A Will/Skill Matrix[11] was applied to demonstrate the relative degree of a partner's will (incentives for change) and skill (capacity for change - business model, internal systems, staffing, relationships) to achieve its business objectives with meaningful, scalable and sustained pro-poor outcomes. Assessing partner will and skill allowed the authors to identify different partner will/skill profiles and how these then influenced MDF's package of support in terms of the amount and type of resources employed, and its engagement strategy in terms of the degree and type of risk involved, to achieve partnership objectives.

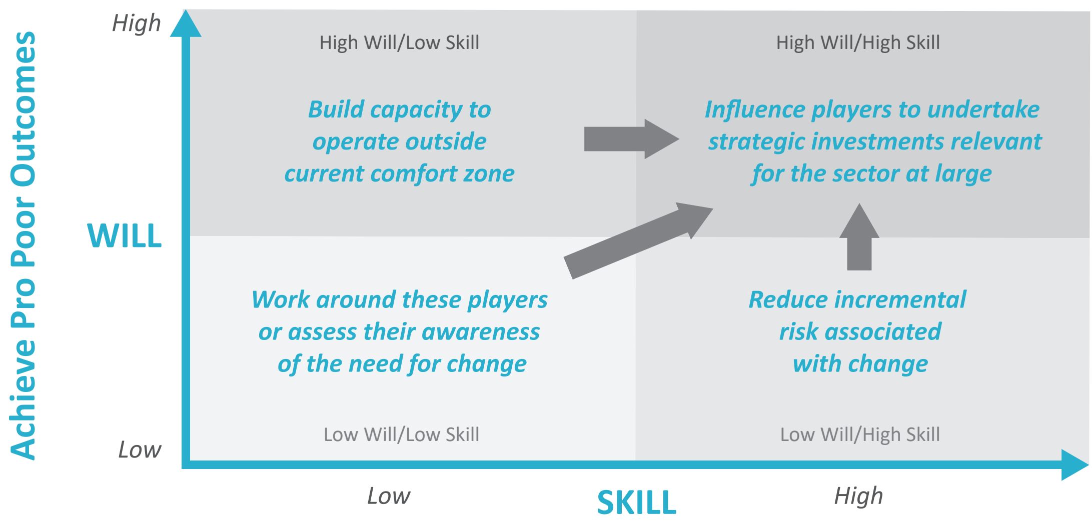
The analysis of partner will and skill, and MDF's experience in determining partnership deals, highlights the value of 'flexibility contained by principles' – returning to the core theme of this case study of not being overly proscriptive nor operating with an 'anything goes' approach.

The Will/Skill Matrix Explained

As depicted in Figure 6, the Will/Skill matrix is divided into the following four quadrants:

1. **High Will/Low Skill** (upper left quadrant)
2. **High Will/High Skill** (upper right quadrant)
3. **Low Will/Low Skill** (lower left quadrant)
4. **Low Will/High Skill** (lower right quadrant).

Figure 6 Will/Skill Matrix



[11] The Springfield Centre, Making Markets Work Training Program materials, contact The Springfield Centre for more information via http://www.springfieldcentre.com

MDF can, and does, select partners in any of the four quadrants, provided the partner is positioned to leverage desired system change and is willing to enter a partnership with MDF to advance inclusive growth. The matrix is a useful tool to assess a prospective partner's relative strengths and weaknesses to frame an appropriate offer of support. The four quadrants translate into the following partner descriptions:

- **High Will/Low Skill quadrant:** Partners need to acquire more capacity to act on their acknowledged incentives
- **Low Will/High Skill quadrant:** Partners are experts in their sector but need ways to mitigate risks associated with change beyond their comfort zone
- **Low Will/Low Skill quadrant:** Players who need to be carefully worked around- or, if it cannot be avoided- assessed for their awareness on the need for change.
- **High Will/High Skill quadrant:** Partners with the capacity to influencing other stakeholders to unblock systemic obstacles to inclusive sector growth by undertaking strategic investments relevant for the sector at large.

The Will/Skill Matrix is applied to unpack each partner's relative degree of will and skill to pursue its business objectives with meaningful, scalable and sustained pro-poor outcomes. Will in the matrix equates with incentives. Why does a firm want to change? Are they incentivised by a growth opportunity, a competitive threat, or the need to comply with new rules, or something else? Whatever might motivate a partner to change, MDF will consider them as possible partners provided there is a shared incentive to advance pro-poor outcomes. Skill in the matrix equates with capacity. What capacity gaps require filling to take advantage of the incentive? Is a new business model needed, or is it more and/or different personnel, an improved management system, better linkages, or something else?

The matrix also can be used to monitor a partner's change in incentives and/or capacity over the course of a partnership. As depicted by the blue arrows on Figure 13, it is MDF's intent through its offer of support to move as many partners as possible into the high will/high skill quadrant. It is from here that the partner can best influence the wider system in terms of inclusive growth.

The Will/Skill Profiles of MDF Pakistan's Horticulture Partners

The reader is directed to Annex B for succinct descriptions of MDF's offer of support to each of the nine MDF Pakistan horticulture partners profiled in this case study, and the expected outcomes from each.

Annex B does not include quantifiable data on yields, volume, sales, or outreach to poor people disaggregated by gender. However, MDF has been very conscientious in documenting what it does and so this information is available from MDF for those interested readers.

A summary of the Pakistan horticulture partners and the will/skill assessment results is provided in Table 1.

Table 1 Will/skill Assessment - MDF Pakistan Horticulture Partners

PARTNERS	INNOVATION	PRO-POOR OUTCOMES	
		WILL	SKILL
Ali Akbar Group #1	Expand inputs and know-how to kinnow growers in the Punjab	**HIGH:** Increase input sales and capture market share among commercial kinnow growers experiencing declining yields due to disease	**MODERATE:** Limited experience in actively engaging with small farmers on a crop specific basis
Ali Akbar Group #2	Expand inputs and know-how to vegetable farmers in Balochistan	**HIGH:** Increase input sales, strengthen Ali Akbar Group's brand as a solution provider to small farmers	**LOW:** Appropriate business model to work with small farm economy in Balochistan
Magnus Kahl Seeds	Local production of HYV onion seeds for export through existing distribution channels	**HIGH:** Establish bona-fides of recently opened Magnus Kahl Seeds office to add Pakistan as source for HYV onion seeds for its global supply channels	**LOW:** Know-how of onion seed production in contract relationships with out-growers
National Foods	Product/market test low aflatoxin content chilli for spice powders	**HIGH:** Differentiate spice brand by quality/safety	**MODERATE:** Knowledge of benefits/costs of out-growing scheme versus other options (eg commodity exchange)
Organo Botanica	Expand into export markets for organic fruit	**HIGH:** Satisfy outstanding orders from importers of certified organic apricot products	**LOW:** Sourcing/processing capacity in compliance with organic certification and standards
Mountain Fruits	Assess prospects/risks of exports into certified organic markets	**MODERATE:** Desire to get smarter/faster about exporting prospects	**LOW:** Limited knowledge of production/marketing challenges for entry into standards driven markets
Baloch Hamza	Direct sourcing increases efficiency and employment at factory	**HIGH:** Gain efficiencies in sourcing more dates from small farmer to meet factory needs	**LOW:** More knowledge on how to source dates from small farmers in consistent volumes
Khattak Seed Company	Vertical farming technique for cucumbers	**HIGH:** Increase sales and build customer loyalty by transferring technology for growing cucumbers	**LOW:** Unfamiliar with sales plus service model and the skills needed to transfer know how to its customers

PARTNERS	INNOVATION	PRO-POOR OUTCOMES	
		WILL	SKILL
Vital Agri-Nutrients	Bio-fertilisers as an additive for plant uptake of phosphorus.	**MODERATE:** Market optimism offset by challenges of gaining trust of a bio-fertiliser by both farmers and licensing authorities	**MODERATE:** Technical know-how of product/benefits sound but how best to promote/engage farmers in this area needs to be strengthened
Zia Gardens	Diversify floriculture nursery into vegetable seedlings.	**HIGH:** Increase sales by adding a vegetable seedling line for their existing customer base	**LOW:** Limited knowledge of producing vegetable seedlings in controlled environment
Bayer, Syngenta, Fauji Fertilizers	Embrace small farmers as an important market for agro-inputs and services.	**LOW:** Recognition of need for small farmer outreach but must overcome corporate inertia by first making rigorous cost/benefit analysis of this market segment	**HIGH:** Market leaders in agro-inputs serving commercial farmers in agriculture zones of highest potential

In Figure 7 the information from Table 1 above is drawn upon to plot each partner into the corresponding will/skill quadrant in the matrix. As demonstrated in the matrix, none of MDF's Pakistan horticulture partners were considered to have both the high will and high skill needed to advance an inclusive growth business strategy. MDF's experience concludes that finding willing partners in the high will/high skill quadrant is rare as these firms are typically the big, established players in their respective business areas. MDF did approach the big players in agriculture inputs and services (Syngenta, Bayer and Fauji Fertilizers), but each declined to pursue a relationship for one or more of the following reasons:

- a significant shift in their existing business models was either thought to be unnecessary or outside of their comfort zone
- as past recipients of donor funds they did not understand the role of a facilitator
- they preferred traditional direct funding-type engagements. As such, these firms were plotted in the low will/high skill quadrant.

Figure 7 MDF Pakistan's Partners shown in the Will / Skill Matrix

In Pakistan, MDF has not worked with a key market player in the low skill/low will quadrant. This is partly because the Pakistan country and market context is dynamic with many firms competing for market share, which encourages differentiation and innovation. It also mirrors the relatively early phase of the horticulture sector's growth, where there are few influential gatekeepers that can stifle innovation and progress.

Most of MDF Pakistan's horticulture partners are concentrated in the upper left quadrant of the matrix with varying degrees of high will and low skill. The placement of partners in the high will category is a result of a careful, and sometimes protracted, process of due diligence to ensure, as much as is possible, the strategic intent of the partner to either expand into or initiate a trading relationship with poor households. Many prospective private sector partners seek 'patient capital' for business growth, and paying only lip service to an inclusive growth strategy. Few firms can demonstrate their intent in terms of inclusive growth with solid plans and readiness to co-invest with MDF, hence MDF did not enter into partnerships with these firms.

Three of the Pakistan partners are profiled below to further illustrate the utility of the matrix in framing appropriate offers of support. The report will revisit these three partners in later in this case study where an analysis of how these partnerships have evolved over time is provided.

National Foods: If measured by its own industry standards, this nation-wide company would be placed in the high will/high skill quadrant as it has a track record of re-investing in its brand of quality and its diverse range of spices and food products. MDF partnered with National Foods to bring to market, through seed variety research, trials and pilot production in Sindh (known for chilli production), a low aflatoxin content chilli powder. This chilli powder aligned with National Foods' brand of quality and safety. National Foods partnered with large landowners to assess how the landowner and/or sharecropper system could achieve production goals. It chose this arrangement over other possible options because of its outreach to poor farming households. At the start of this partnership, National Foods displayed a high will to bring a low aflatoxin content chilli powder to the market, provided it was commercially viable. MDF considered National Foods to have moderate skill as it needed to strengthen its knowledge and ability to manage and support the proposed out-grower scheme.

Magnus Kahl Seeds: This Australian-based supplier of 'bespoke' onion and shallot seeds had recently established a presence in Pakistan to add another producing/sourcing location to its global supply chain. At the start of this partnership, Magnus Kahl Seeds demonstrated very high will to expand its nascent program in the Khyber Pakhtunkhwa region, a priority region for MDF, and strengthen its credibility with government and other industry players. While Magnus Kahl Seeds possessed world-class knowledge of the bulb to onion seed production methods, it had demonstrated low skill in managing an out-grower scheme such as the one proposed, which focused only, at least initially, on male farmers with farm land close to good roads.

Baloch Hamza Brothers: This small-scale Balochistan-based date processor was experiencing a high degree of post-harvest loss at a time of business growth, when MDF began discussions with its owners. Baloch Hamza Brothers displayed very high will to dramatically improve its sourcing efficiency from small scale date farmers in order to remove a major barrier to its growth. However, as it began sourcing more and better quality dates from a larger number of small-scale date farmers, it was evident the firm was growing faster than its low skill could manage.

The Will/Skill Profiles of MDF Fiji's Horticulture Partners

Table 2 presents an overview of MDF's Fiji's 13 horticulture partners on the Will/Skill matrix, as relevant at the time when partnership agreements were reached. As per the Pakistan section above, two additional prospective partners that MDF had held partnership discussions with were added to the Fiji table to demonstrate the type of partnerships with whom partnerships did not progress.

Annex C provides detailed descriptions of MDF's offers of support and expected outcomes from its Fiji partners.

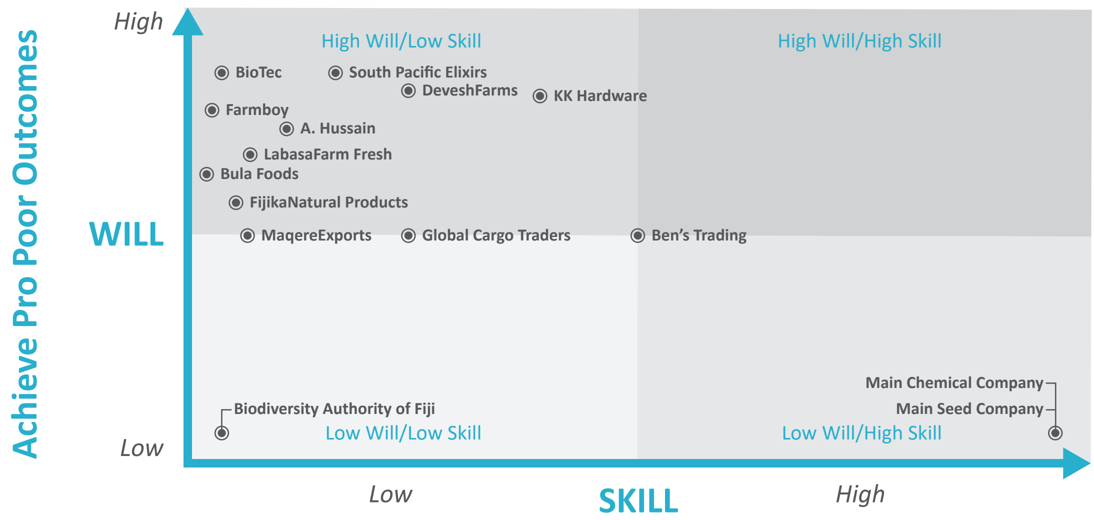
Table 2 Will/skill Assessment - MDF Fiji Horticulture Partners

PARTNERS	INNOVATION	PRO-POOR OUTCOMES	
		WILL	SKILL
Labasa Farm Fresh	Link outer island farmers to export markets	**HIGH:** More demand from Australia based buyer than can supply through existing sourcing and storage capacity	**LOW:** Knowledge to direct source and manage inventory in relation to growing export demand
Fijika Natural Products	Link outer island farmers to export markets	**MODERATE:** Interest to brand and export its virgin coconut oil (VCO), juices, soaps upon seeing FNP bulk buyers succeed in exports	**LOW:** Knowledge of importers and associated rules allowing for imports of natural products in Aussie and NZ markets
Devesh and Bharos Farms	More and better vegetable seedlings	**HIGH:** Expand/diversify this nascent vegetable nursery to meet demands from commercial & backyard gardeners	**LOW:** Weak business management systems – inventory management, payment & accounting system
South Pacific Elixirs	Link Kava farmers to global beverage markets	**HIGH:** Expand pilot into full scale production to meet outstanding orders for kava infused "relaxer drink"	**LOW:** Know how to incentivize/ manage out-growers more accustomed to selling dried vs fresh Kava
Standard Concrete Industries	Agricultural lime production as soil conditioner	**MODERATE:** Agriculture lime a promising new revenue source from SCI's existing quarry operations	**LOW:** Expertise in quarry operation readily transferred to agricultural lime but firm knows little about farmers as customers
KK Hardware	Agricultural lime distribution in Viti Levu from Nadi	**HIGH:** Keen to diversify hardware business into agricultural inputs to include seeds, agricultural lime, chemicals & equipment	**MODERATE:** Understanding in selling an agri-input to farmers by firm in constant search for new products for customers
A. Hussain	Agricultural lime distribution in Vanua Levu from Labasa	**HIGH:** Keen to diversity hardware business into ag related products and learn more about farmers as customers	**LOW:** Understanding in selling an agri-input to farmers by firm in constant search for new products for customers

PARTNERS	INNOVATION	PRO-POOR OUTCOMES	
		WILL	SKILL
Global Cargo Traders	Agricultural lime distribution in Viti Levu from Raki-Raki	**MODERATE:** Willing to test the benefits/costs of adding this bulky product as part of its bundle of agri-inputs	**LOW:** Low understanding of sales/service model necessary to re-introduce agricultural lime to farmers
Maqere Exports	Source more FFV in line with parent firm needs	**MODERATE:** Growth in sales & product range is dependent upon single buyer, brother in Auckland	**LOW:** Knowledge of solutions oriented procurement model with local and more distant vegetable farmers
Ben's Trading	Expand in mainstream export markets requiring HACCP compliance	**MODERATE:** Readiness to promote more intensive farming by root crop suppliers required for cost-effective and sustained growth in standards driven markets	**MODERATE:** Knowledge of relationship building with new importers supplying mainstream markets with strict standards of compliance
Bula Foods	Export FFVs from a Nadi based operation	**HIGH:** Recover sunk costs of major upgrades to processing facility by expanding exports in range of fruits & vegetables	**LOW:** Business planning & management know how for this larger and more sophisticated export operation
Farmboy	Aggregator of fresh vegetables and fruits for Fiji's tourist market	**HIGH:** First mover advantage in linking small farmers to buyers of fresh produce and juices for the tourist market	**LOW:** New to the challenges of an aggregator – sourcing at scale, at quality, & delivering on time
BioTech	Commercial tissue culture root crop exports	**HIGH:** First mover advantage of a commercial tissue culture operation for agriculture in all of the South Pacific	**LOW:** Scientists with limited business acumen to operate a commercial scale operation
Hop Tiy Seeds AgChem Ltd	Largest Seed and Agro-Chemical Importers	**LOW:** Comfortable with "near" monopoly allows them to import Brand C quality and sell at Brand A prices	**HIGH:** Relative to maintaining status quo with tight relationship with all licensing authorities
Biodiersity Authority of Fiji	Government gatekeeper on approving import licenses for seeds/ agricultural chemicals	**LOW:** Find a better balance between biodiversity protection and agriculture growth	**LOW:** Risk assessment of bio-diversity effects of competing seed and chemical products and their characteristics

Figure 8 plots each of the MDF Fiji horticulture partners on the will/skill matrix. As per the Pakistan partners, MDF Fiji's horticulture partners were also concentrated in the upper left quadrant of the matrix, displaying varying degrees of high will and low skill.

Figure 8 MDF Fiji's Partners depicted in the Will/Skill Matrix



The high will/low skill amongst processors/exporters (Labasa Farm Fresh, South Pacific Elixirs, Farmboy, Bula Foods and Maqere Exports) can be attributed to the following factors:

- Each firm must recover varying amounts of capital[12] invested into facility upgrades, equipment purchases and staff training to attain HACCP and other certifications needed to be granted an exporters' licence. The Fiji Ministry of Health and importing countries require these standards to be met.

- Each firm must overcome supply constraints to satisfy growing demand, primarily generated by the diaspora markets in other Pacific Island Countries, Australia and New Zealand, and the slowly emerging demand from importers who supply mainstream markets in Australia and New Zealand. New sourcing strategies are challenged by the need to change farmer mindset to consider the collection and/or cultivation of root crops and vegetables as viable cash crops, rather than as a store of value.

- Collectively, processors cum exporters demonstrated low skill in promoting and managing the more sophisticated business models required to tap into export markets, an many of the Fijian firms – unlike in Pakistan – start from a low base of business acumen and experience. Ben's Trading, Fiji's largest exporter of root crops, is perhaps the one exception to the above. This firm employs a classic trader business model by knowing price movements and capturing sufficient margins through volume sales. Ben's Trading is positioned at the centre of the matrix as it demonstrates moderate will and moderate skill. Ben's Trading must encourage its existing farm suppliers to adopt more intensive root crop production methods (instead of going higher up the mountain as lower land soils are depleted) to consistently meet larger orders, while at the same time adopt more modern business practices to build and sustain market share in standards-driven export markets. MDF's offer in this partnership was aimed at strengthening Ben's Trading's incentives and capacity to make these changes. However, it is difficult to know in advance how a firm will calculate the benefits/risks of a new approach versus a continued reliance on an existing business model.

[12] Capital is sourced from the personal savings of the business owners, some outside investors, a few with bank loans and some with donor funds.

MDF Fiji's input supply partners, Devesh and Bharos Farms and BioTec displayed high will to be first movers in the growing Fijian market for high quality planting material. Devesh and Bharos Farms was Fiji's first private sector commercial vegetable seedling nursery. BioTec was the South Pacific's first private sector tissue culture operation. Both firms displayed low skill in business management and needed to put in place appropriate management and/or accounting systems better suited to the needs of a growing business[13].

Standard Concrete Industries is a big player in the building materials market but a new entrant into the agriculture market with its agriculture lime product. The company had moderate will to add agriculture lime to its product mix, mainly because of the unknown risks/costs associated with launching a new product in the agriculture market. At the time of the partnership design, Standard Concrete Industries displayed moderate skill to put in place a cost-effective distribution of this bulky product[14] to farmers nationwide.

Standard Concrete Industries' three distribution partners, KK Hardware and A. Hussain (both hardware companies) and Global Cargo Traders (a specialised agriculture input supplier), are also profiled here. While these firms entered MDF's agricultural lime initiative a few years after the start of the original partnership with Standard Concrete Industries (this adjustment is discussed later when the report shifts to how the Standard Concrete Industries partnership evolved over time), the will and skill assessment of these partners adds to the overall findings. All three had varying degrees of will and skill. KK Hardware and A. Hussain both displayed high will, exhibited by their readiness to embrace the risks and costs associated with adding agricultural lime to their product mix. KK Hardware displaying moderate skill, although trending towards high, because of its strong track record of customer-oriented business practices. A. Hussain was a newcomer to the agri-input market and therefore initially demonstrated low skill. Global Cargo Traders displayed both moderate will and skill, partly borne of a more cautious approach to its business growth[15] and its knowledge and familiarity, as an agri-input supplier, in finding appropriate service bundles for its customers.

The Biodiversity Authority of Fiji (BAF), positioned in the low will/low skill quadrant, is a Fijian government agency which wields substantial authority in approving import licenses for seeds and agro-chemicals. At the time of writing, partnering with BAF had not proven a viable option due to its low will to find a balance between bio-diversity and agriculture growth. MDF and its partners have applied 'work around' strategies to urge BAF to grant new import licenses. The challenges associated with working with BAF highlight that in thin markets such as Fiji, one agency can be a major barrier to inclusive growth.

MDF's attempts to discuss partnerships with Fiji's largest seed importer (Hop Tiy Limited) and chemical importer (Agchem Limited) to upgrade their offers to a larger number of small farmers were unsuccessful for reasons similar to those of the larger players in Pakistan. These firms had no incentive to innovate/change when the current market worked to their advantage. They were also not interested in engaging with donor support that required additional effort and demands when they were accustomed to donor support without the strings. As such, these firms were positioned in the low will/high skill quadrant.

Three of MDF Fiji's horticulture partners are profiled below to further illustrate the utility of the matrix in framing appropriate offers of support. The report will revisit these three partners in this case study where an analysis of how these partnerships have evolved over time is provided below.

[13] Devesh and Bharos Farms at its current sales volume is tax exempt. Whatever systems it puts in place now must enable DBF to comply with tax rules when sales volume grow to taxable minimums.

[14] Bags weigh 40kg.

[15] Global Cargo Traders' owner recently returned to Fiji after a few years hiatus abroad to return the company to profit after a few years of money losing deals.

Labasa Farm Fresh: This family business was built around one brother, based in Australia, supplying food items (unripened jackfruit, scrapped coconut, cowpeas, etc) to 'corner stores' in Sydney and Melbourne. These food items were sourced/processed (washed, sorted, dried, frozen and stored) by his brothers at the factory site in Labasa, Fiji. When MDF discussed a partnership with Labasa Farm Fresh, the business was already in the process of attaining HACCP certification. It had purchased equipment and started to train its factory workers as part of the HACCP certification process. Labasa Farm Fresh had high will to satisfy growing demand as evidenced by its sizeable investment in factory upgrades and staff training to comply with market standards. However, Labasa Farm Fresh exhibited low skill in the sourcing models (know-how, incentives) needed to keep pace with increasingly larger and more frequent orders.

South Pacific Elixirs: When MDF and South Pacific Elixirs began discussions, the firm had just launched a pilot project to produce flavour-infused kava-based relaxant drink after investing seven years into market research and product development. The firm and its investors clearly had high will to make this venture succeed. However, this early pilot exposed South Pacific Elixirs' relatively low skill in finding the right mix of incentives and technical support needed to source fresh kava from small farmers at the larger volumes required to meet growing demand.

Standard Concrete Industries: Standard Concrete Industries' interest in agricultural lime emerged from some of MDF's earlier work with the Government of Fiji's Agricultural Lime Taskforce. MDF worked with the Taskforce to draw attention to the nationwide problem of declining yields in agriculture due to overly acidic soils. Standard Concrete Industries then took steps to enter the agriculture lime market for the following reasons:

- The firm had known lime deposits of sufficient volume in its quarries;
- Existing machinery and equipment could be used to process lime with only minor adjustments;
- Mining risks and cost could be spread across its existing lines of building materials; and,
- The next best competitor imported agriculture lime from Australia and was expensive.

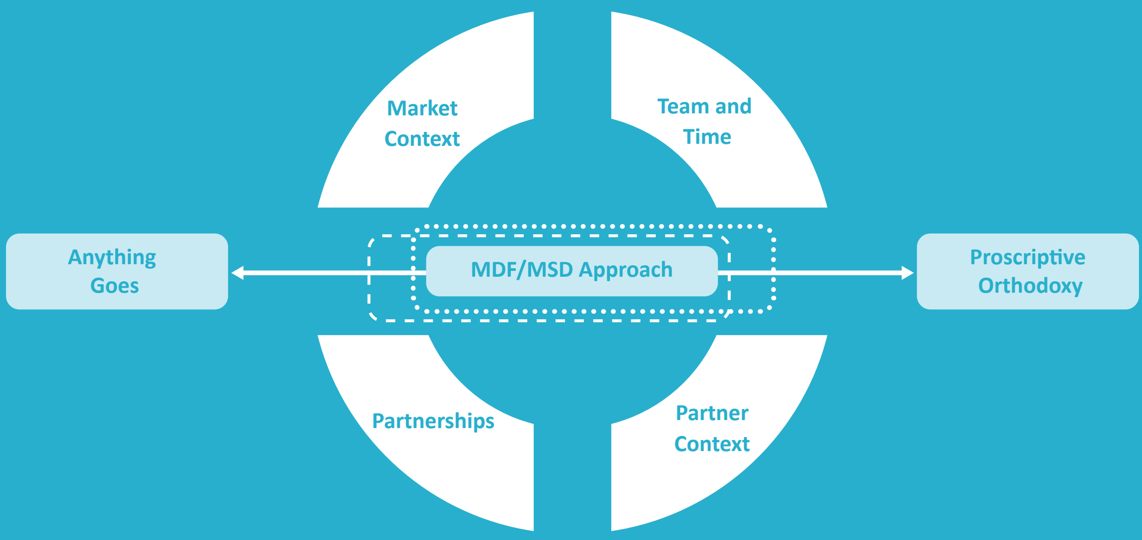
In Standard Concrete Industries, MDF had found a partner with a moderate degree of will and skill to address the nationwide problem of declining agriculture yields. Given the inherent risks associated with Standard Concrete Industries' diversification strategy for business growth.

This comparison of the will/skill patterns of MDF horticulture sector partners increases the messiness quotient for implementers of a market development approach when it is added to what we have learned so far:

- The space for inclusive growth is most likely found at the early phases of the Industry Life Cycle when market systems are relatively unstructured and firms have limited access to services or a supportive policy/regulatory environment.
- The business expansion strategies pursued to unlock this growth potential require risk taking in both countries, but on average the strategies pursued in a thin market such as Fiji will be riskier than those pursued in a thicker market such as Pakistan.

This analysis using the Will/Skill Matrix shows that these relatively riskier business strategies must be executed by relatively less skillful partners- smaller, younger, more dependent on a few, if not one, individuals who are less well organized ('professional') and less endowed with resources. In both countries, established companies -- satisfied with the positions they occupy in the markets they serve-- are often not the ones with an appetite for risk. While there are enough companies in both Pakistan and Fiji with the "will" to adopt a business growth strategy inclusive of poor people in a thin market such as Fiji the skills are scarcer to implement, on balance, business expansion strategies which are more complex.

The Four Dimensions that Shape the Sweet Spot



Question 1:

What do these causes of messiness mean for how MDF must facilitate business innovation and market system change for inclusive outcomes?

Question 2:

What type of partnership deals are required to support the process of business innovation and systemic change?

Risky Business Strategies and Messy Systemic Change Pathways to Unlock Pro-Poor Growth

Flexibility Contained by Principles

=

Supporting Less Capable Partners to Progress

If MDF wants to be relevant and effective in different markets, some thicker and others thinner, and for different market players, ranging from the more skilled implementing relative straightforward business expansion strategies, to the less skilled aiming to implement more complex and risky business expansion strategies, MDF needs to be able to modify its offer.

With the causes of messiness identified, the authors aim to demonstrate the need for a flexible approach contained by principles, in order to respond to this messiness. Each support offer, each 'deal' is tailored to leverage a partner's will/skill profile by either strengthening capacity to take advantage of acknowledged incentives and/or to show why the incentives are relevant to initiate a change process, building on the partner's know-how.

In Fiji, MDF needs to work more within the value chain (as opposed to service providers who can cover multiple value chains). This involves working with smaller partners who need to reinvent major parts of their business model (new market, new product, new processing techniques) to make the value chain work and the product competitive. In Pakistan, a relatively bigger portion of the portfolio involves more mature companies that either aim to expand existing markets or open up new markets for existing products.

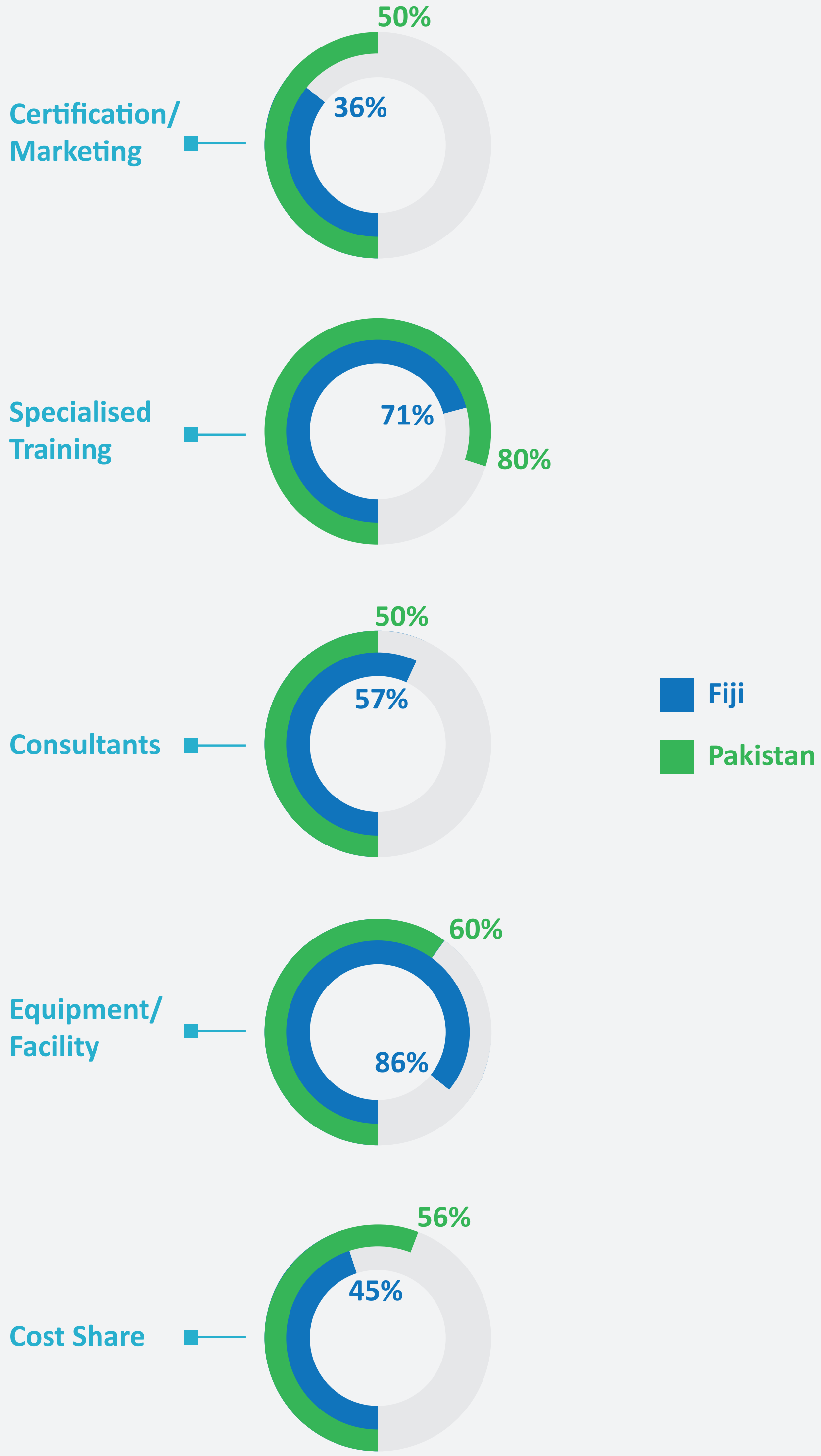
MDF Pakistan's partners tend to be more established businesses, and therefore more likely to have the necessary equipment/facilities required to advance their innovations in place. The support MDF offers to its Pakistan partners falls more into 'soft costs', such as certification or marketing their innovations to their intended target groups (50% in Pakistan compared with 36% in Fiji) and specialised training (a form of providing market and product relevant information - 80% in Pakistan compared with 71% in Fiji). In thicker markets like Pakistan, practitioners can employ a 'lighter touch' offer with partners.

Training is also important in Fiji to ensure suppliers meet value chain standards. However, compared to Pakistan, significantly more support in Fiji goes to investments in equipment and factories. A total of 86% of all partner offers in Fiji include funding for equipment purchase and/or facility upgrades. This is needed to take partner innovations to market. MDF support in thin markets like Fiji will most likely require a 'heavier touch' as a necessary condition to advance an innovation.

This all highlights that the need for flexibility lies in the diversity of markets and partners and the complexity that stems from this.

Structure of MDF Partner Offers

(% Frequency of Areas Supported)



How does MDF adapt and adjust its support to partners along some pretty bumpy rides while staying true to the guiding principles of the MSD approach?

Bumps in the Road: The Time and Teams Needed to Make Partnerships Work

Gear Up for the Bumpiness Ahead

In this section, the authors, drawing on a sample of MDF partnerships, walk the readers down the road of implementation, the setbacks and challenges that emerge from the market and partner-level messiness outlined in previous sections. The practitioner's job is to facilitate systemic changes through, in the case of MDF, private sector firms, to develop new products and markets, and sometimes both. The practitioner must also help market system actors re-organise the value chain around these innovations. All this adds up to better development outcomes, in time, when facilitated by a well-informed, versatile team. The pathway to systemic change will look messy and the implementation road to success will inevitably be bumpy!

Forget a light-touch, linear pathway to desired system change where a demonstration of an innovation by a market leader will trigger a spontaneous response by many system actors. Under very specific conditions this is possible - such as in a big, dynamic market system, in which many relatively mature players need to invest relatively minor amounts in an innovation to create inclusive growth.

However, such a scenario is the exception to the rule: mature market leaders are often not the vanguards of inclusive business innovation. Market realities are typically more complex, and it takes time, a strong team and flexibility in response (contained by principles) to navigate and facilitate these complex development processes for good outcomes.

Bumps due to the gap between the *will* to do and the *skill* to achieve

This section unpacks the bumpy roads of MDF partnership experiences over time by examining the relationship between two variables:

1. **Partner know-how at the start of the partnership.** MDF offers of support primarily aim to leverage a partner's high will for change by strengthening a partner's low skill to implement this change. MDF's support package can include market/product research and testing, acquiring new skills and facilities to acquire and comply with certifications of quality, implementing new business models, and creating linkages with new strategic partners. When these skill gaps are filled, the partner is more likely to realise the benefits of the incentives that are driving the change process.

2. **Expected outcomes of the partnership.** Expected outcomes assume that firm and related, wider market system improvements will result in significant and sustained benefit flows to poor people. There are many unknowns at the start of a change process: How will market players respond to new ideas? What will be the pace of change? Will there be unexpected changes in a partner's ownership or management? Will external events – such as devastating weather or a political crisis – significantly affect implementation?

To demonstrate the time, team and flexibility needed, six partnerships were profiled from among the 22 partners profiled in this study. These partnerships were not selected because they represent worst or best case scenarios. They were selected because they represent interesting stories, which together help visualise the kind of challenges – bumps – a partnership can encounter and how they can bounce back from these challenges.

Three Bumpy (and Sometimes Less Bumpy) Roads in Pakistan

NATIONAL FOODS

Background

MDF saw an opportunity to link chilli growers to higher value export markets in partnership with a highly-motivated partner with global market reach.

National Foods and MDF entered into a partnership agreement after a relatively short period of four months. MDF needed to better understand the degree of difficulty associated with seed selection and cultivation of aflatoxin controlled dundicut chilli, while National Foods needed to better understand MDF's facilitation offer. The process of due diligence was aided by MDF staff with knowledge of agronomy and with the direct and active engagement of National Food's Executive Director in the partnership formulation process.

MDF's initial offer to National Foods consisted of the following:

- **Improved seeds:** External technical assistance from an expert in seed testing, selection and multiplication of low content aflatoxin dundicut chilli;
- **Better chilli drying:** Accelerate adoption of geo-textile sheets used for drying chillies to reduce post-harvest loss; and
- **Direct chilli sourcing:** Creation of a direct sourcing model for chilli production with Sindh landowners in traditional sharecropping arrangements with farmers.

Experience

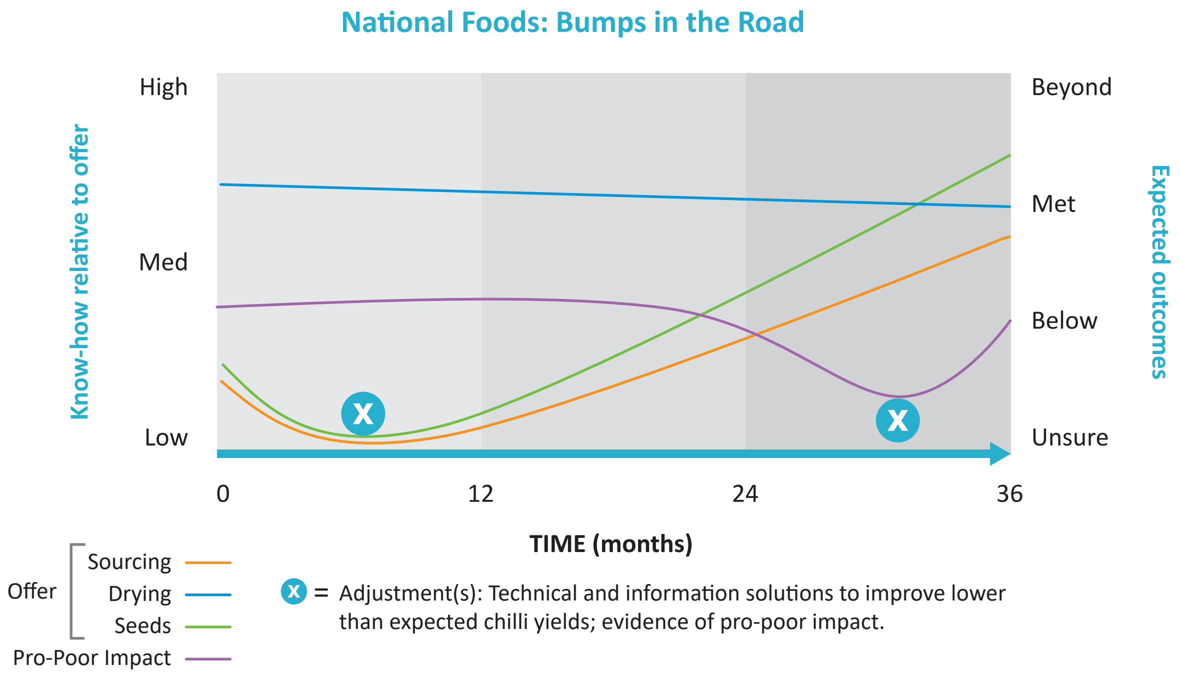
Approximatelyseven months into the partnership, an MDF site visit revealed chilli plant productivity was far below expected yields due to inadequate seed quality, high plant mortality during transplanting and poor fertiliser management. MDF and National Foods had been unsuccessful in identifying a qualified Technical Adviser, resulting in MDF providing additional funds to co-invest with National Foods in seed research.

- **Set up a research and demonstration farm** to multiply HYV dundicut seeds and demonstrate best agronomic practices
- **Introduce the use of nursery trays** to reduce plant mortality during transplanting
- **Embed more knowledge in the out-grower scheme** on better soil management and agronomic practices.

At the time of writing, the National Foods/MDF partnership was in its monitoring stage, meaning direct MDF support had ceased but MDF and the partner continue to monitor anticipated outcomes and impact. Figure 9 shows the relationship between MDF's capacity building offer to National Foods and expected outcomes at the time of this writing.

- **Improved seeds (green line):** The research and development farm continued with the testing and selection of even more varieties that were planned. This process that would take a few more years to find the best varieties that deliver both low aflatoxin content and the right flavour profile.
- **Better chilli drying (blue line):** The use of geo-textile sheets has been adopted as the norm for seed drying and in volumes in line with partnership expectations.
- **Direct chilli sourcing (orange line):** National Foods continued to source from contracted landlords and their sharecroppers with two technical field officers paid fully by the firm. It was still not clear, however, if direct sourcing was the best option for National Foods given possible alternatives. MDF linked National Foods to the Pakistan Mercantile Exchange (PMEX), a trading platform for a range of commodities, including agriculture. If feasible, PMEX could incentivise more chilli farmers to grow controlled aflatoxin chilli at the volumes required by National Foods and quite possibly encourage other spice companies to move into this quality spice market segment.
- **Pro-poor impact (purple line):** It has been difficult for MDF to understand whether desired benefits are accruing to poor farm households in this opaque landlord, share-cropper arrangement. However, an August 2017 MDF review of this partnership showed that overall sharecropper indebtedness to the landlord is decreasing. Sharecroppers do not presently keep 'records' showing a breakdown of earnings by crop but it can be reasonably concluded through MDF's analysis that chilli production has contributed to this trend of positive pro-poor impact.

Figure 9 Partnership Progress Timeline, National Foods



Sustainability and Scale

What's not shown in the diagram is how the partnership with National Foods is poised for achieving scale and sustainability. National Foods continued to invest their own funds in new staff hires to manage contracted chilli production and run the seed research farm without further MDF financial support. The gap between their will and skill to advance their innovation was closing, with lessons learned on sourcing options in chilli and the utility of this approach with other crops. Should the PMEX add chilli into its commodity exchange this could have system-wide effects by linking buyers and suppliers of a range of chilli varieties. MDF intends to continue market facilitation role with the PMEX and with National Foods and other large volume buyers. National Foods was exploring a follow-on partnership with MDF to apply the lessons from chilli to sourcing turmeric from small farmers.

How did MDF apply flexibility (contained by core MSD principles), team and time resources within this partnership?

National Foods proved to be a valued MDF partner. It remained steadfast to its vision of inclusive growth, as evidenced by its growing focus on small farmers in chilli and other crops. It honoured mutual financial commitments and was transparent and forthcoming on continued investments in seed research, field agents and financial reporting as laid out in the partnership agreement.

MDF's regularly scheduled monitoring visits enabled MDF to identify 'bumps in the road' early in the process (e.g. low chilli productivity), and later again in terms of understanding the pro-poor impacts of its investment (e.g. are landowners capturing a disproportionate share of the revenue?). MDF's original offer assumed it could leverage National Foods' will to differentiate itself by targeting health conscious consumers with higher quality/healthier chilli powder with the right flavour profile, while also augmenting their production capacity with a seed specialist. What was planned as a 'light touch', technical assistance offer, turned into a 'heavier touch' co-investment with National Foods to establish a seed research farm staffed with local experts. Subscribers to the orthodox school of 'light touch-only' partner support might see this as a rather unorthodox facilitation offer, carrying with it the risk of undermining the ownership of the partner in the sustained operations of this capital investment after the partnership. In fact, this did not happen.

MDF assisted National Foods to think through an appropriate business model to integrate seed research into its operations, which resulted in a corporate decision to invest in the seed research farm with a good understanding of its benefits, costs and risks. MDF had the flexibility to co-invest with National Foods to set up and operate the seed research farm long enough (e.g. two seasons) so that it could demonstrate its value for continued National Foods investment. The seed research farm continues to operate without any MDF support: this is a good illustration of a sustainable and scalable solution, enabled by a flexible facilitator capable of implementing change in plans without undermining its partner's ownership. By design, MDF Pakistan had the right team composition with the right skill set in place – agronomic and social science research – which enabled MDF to get close to the issues with the confidence of its partner.

MAGNUS KAHL SEEDS

Background

MDF gives priority to working in more remote, borderland communities and the addition of onion seed propagation to its horticulture program offered rural households a promising source of new farm income through linkages with a global seed breeder. It took about nine months for MKS and MDF to do their due diligence before entering into a partnership agreement. MDF needed to better understand the technical stages of onion bulb to seed propagation and determine its fit with small farmer capacity in distant remote locations. Magnus Kahl Seeds needed to consult and seek approval from its executives in Australia.

MDF's initial offer consisted of the following:

- **Seed sourcing:** Establish an out-grower scheme with commercial (male) farmers close to paved roads to multiply HYV onion seeds, primarily for export to Magnus Kahl Seeds' existing global buyers.
- **Seed drying:** Set up a centralised drying facility to reduce risk of loss from improper drying across many farmer/ multipliers.
- **Seed testing:** Set up an improved seed testing facility to control for seed quality prior to packaging for sale and link payment to growers based on seed germination.

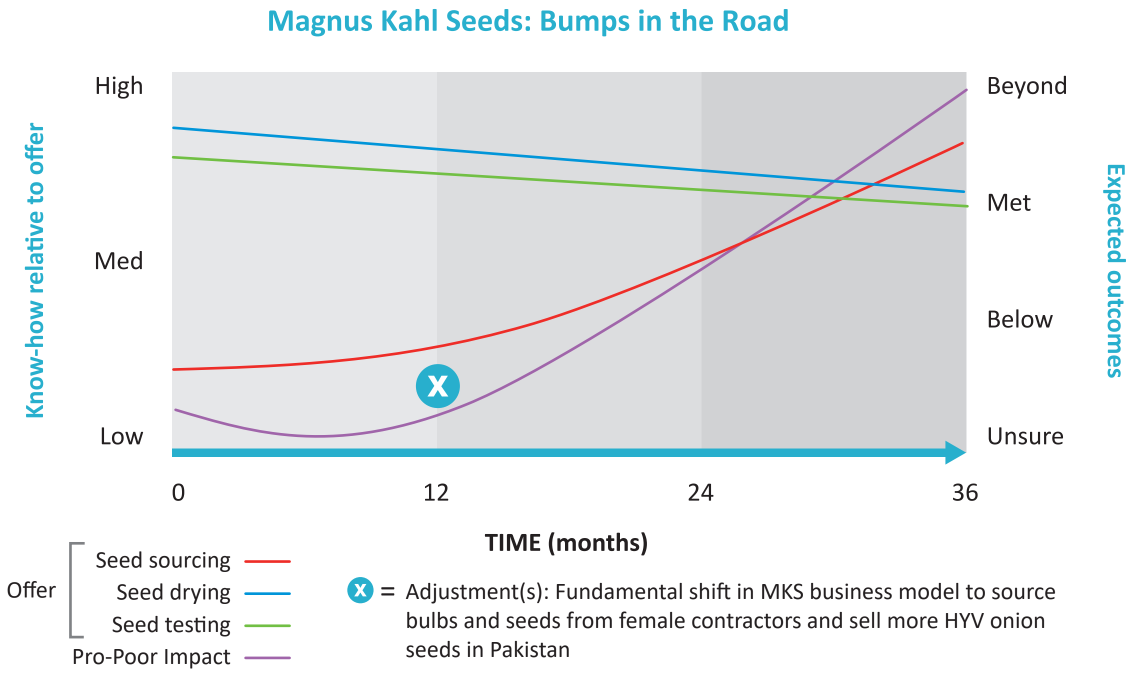
Experience

A year into implementation, Chitral was hit by damaging floods resulting in interrupted production for Magnus Kahl Seeds and delays in supplying customers. To counteract this, the company decided to expand its supply base by engaging female contract growers in more remote but still accessible areas of the region. The female contract growers would grow onion bulbs and seeds using kitchen gardens near their homes, a major strategic change for Magnus Kahl Seeds that was encouraged by MDF.

MDF responded by adjusting its initial offer to support the hiring and training of the female field agents and on-farm training for female contractors. Magnus Kahl Seeds invested a lot of time and resources to recruit educated females. This change proved to be a fundamental shift in Magnus Kahl Seeds' overall business model for its Pakistan operations.

MDF ceased its direct support to Magnus Kahl Seeds in April 2017, but both parties continue to monitor the partnership's progress against anticipated outcomes and impact against. Figure 10 outlines the progresss of this partnership, as further explained below:

Figure 10 Partnership Progress Timeline, Magnus Kahl Seeds



- **Sourcing strategies (orange line):** Company executives shifted attitudes on the role of women in commercial agriculture to such a degree that the growth of their bulb to seed production model now relies much more on female growers.
- **Centralised drying facility (blue line):** The drying bins Magnus Kahl Seeds purchased with MDF support are multi-purpose and can be used for drying umbel (onion seeds) and storing bulbs prior to their use for planting for seed production. Centralised drying of seeds continues to be the best technical solution for ensuring high quality seeds prior to packaging for sale.
- **Improved seed testing facility (green line):** Originally, the testing facility was to be used as a basis for paying an incentive to growers with the highest germination rates. The seed germination chamber was still being used and had helped Magnus Kahl Seeds to streamline their testing process and make it more standardised. Magnus Kahl Seeds found there was no need to link payment to seed germination tests as the seed produced by female multipliers was already of optimal quality.

Pro-poor impact (purple line): With Magnus Kahl Seeds' change in sourcing strategies, from contracting predominantly male commercial farmers to predominantly females with home-based garden plots, the pro-poor impact of this partnership exceeded expectations. Females were thought to be barred from commercial agriculture by local custom and norms, yet they have demonstrated a superior ability as best practice onion bulb/ seed producers. Magnus Kahl Seeds calculates that female seed multipliers make up in efficiency and quality what they lack in volumes due to the small size of their garden plots. Magnus Kahl Seeds now targets most its HVY onion seeds at the sizeable Pakistan onion market – estimated at 1.8 million tonnes of onions per year – with a locally available hybrid variety suitable for all growing conditions in the country.

Sustainability and Scale

Both Magnus Kahl Seeds and MDF have taken action to advance opportunities for scale and sustainability. Magnus Kahl Seeds, with MDF support, has created a feasible model for onion bulb to seed production in Chitral. The firm can improve this model by lowering costs (better management of embedded services) and improving margins while maintaining acceptable returns to growers. Magnus Kahl Seeds is exploring expanding its bulb to onion seed business to Balochistan via a DFAT-funded agriculture development programme. MDF has linked Magnus Kahl Seeds to Telenor to explore the benefits/costs of weather alerts and information on best agronomic practices for their contracted growers. With a proven business case on the role of women as front-line growers for a commercial buyer, MDF is exploring partnerships with agri-based training organisations to formulate commercially viable training programs for private sector extension and training by qualified females. Lastly, MDF had recently entered a partnership with ABG Seed Company in Lahore to apply lessons from its partnership with Magnus Kahl Seeds for potato seed production in Chitral.

How did MDF apply flexibility (contained by core MSD principles), team and time resources within this partnership?

Chitral experienced severe flooding in 2016, impacting Magnus Kahl Seeds' ability to source seeds. The firm urgently needed to diversify its source of HYV onion seeds, and began sourcing from female growers with small kitchen gardens further afield. These female growers became the primary source of onion seeds. Magnus Kahl Seeds could seriously consider this option as MDF had introduced viable work-around strategies to societal barriers faced by women. These strategies were based on a poverty and gender study MDF had conducted. MDF could assist Magnus Kahl Seeds to implement its new sourcing strategy at a faster pace by cost sharing some of the higher transaction costs associated with sourcing seeds from more outgrowers located further away. The change in outsourcing model triggered a need for a more centralised drying facility to reduce the risk of post-harvest loss. This was necessary as targeted production was spread across many female growers in small garden plots versus a few commercial male farmers with larger plots. MDF adjusted its offer to Magnus Kahl Seeds to accommodate this unanticipated expense. The drying facility enabled Magnus Kahl Seeds to put in place a testing mechanism to pay outgrowers based on the germination rates of the onion seeds delivered. It is interesting to note that Magnus Kahl Seeds decided to abandon this payment system as managers quickly learned that female growers consistently delivered high quality onion seeds.

When working with markets, messiness is the only real constant. By being flexible and responsive in the implementation process – a core MSD principle – MDF assisted Magnus Kahl Seeds to expand its contract farmers to include women farmers as front-line contract growers, and, by doing so, challenged deeply-rooted social barriers to women's involvement in markets. A less flexible, less responsive facilitator would likely have missed these critical opportunities to trigger breakthrough change.

BALOCH HAMZA DATES

Background

MDF was looking for a strategic partner in Balochistan ready to invest in buying more quality farm outputs, adding value through primary processing and selling into inter-regional markets. MDF was ready to partner with Baloch Hamza, this relatively new small business, because of the owner's vision and entrepreneurial spirit, characteristics not easily found in this part of the country.

Baloch Hamza and MDF entered into a partnership with minimal delays, partly because negotiations were supported by FAO staff known and trusted by Baloch Hamza owners, and partly because of MDF's experience in formulating partnership agreements with small entrepreneurial businesses. MDF's initial offer to Baloch Hamza consisted of:

- **Date processing:** Expanding the processing capacity of the factory in anticipation of increased supply to meet growing demand for quality dates
- **Direct sourcing of dates:** Developing a more efficient sourcing system to reduce post-harvest losses from the farm gate to the factory.

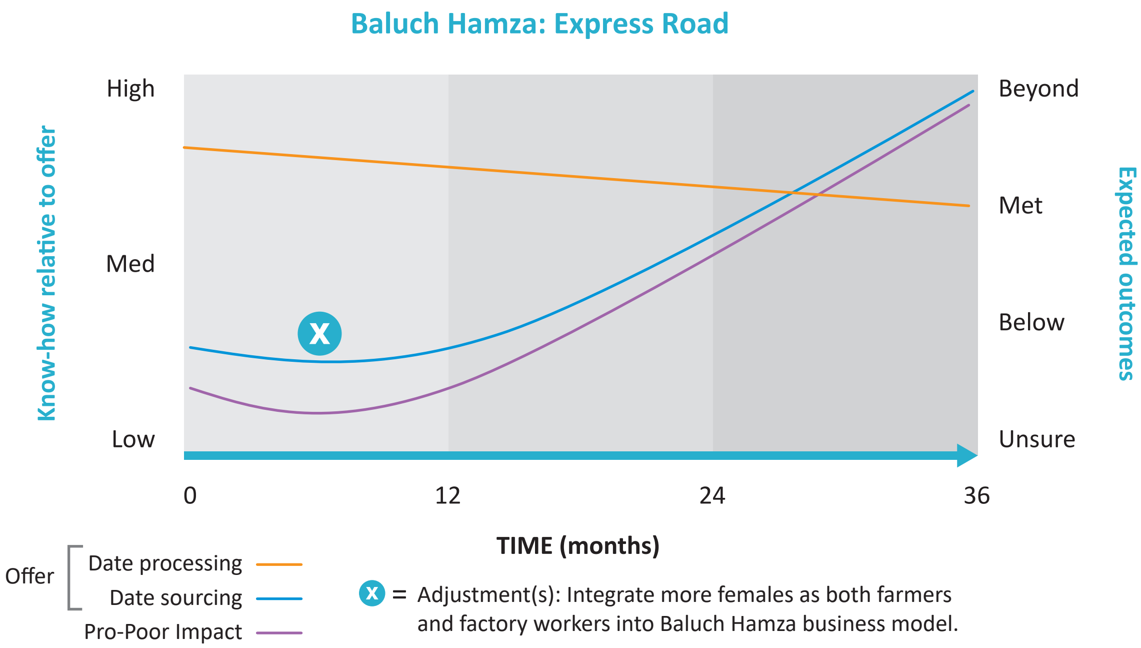
Experience

Direct MDF support for Baloch Hamza ended in November 2016. Recent monitoring visits to the field confirmed that this firm's owner is a 'mover and shaker'. This partnership might be more aptly labelled the 'express road' to opportunity. The owner absorbed new ideas and information and put them into practice much faster than MDF had originally envisioned.

Four months into the partnership, Baloch Hamza identified two new opportunities: (i) to diversify into the grinded (pitted) dates market by setting up a female-only facility for processing and packaging; and (ii) to package retail-ready dates on farm by female farmers. MDF adjusted its agreement to allow Baloch Hamza to set up the female-only facility (within the existing factory), while also supporting the training of female farmers and factory workers.

Independent of MDF, the owner of Baloch Hamza attended food expo fairs in Pakistan and abroad while also exploring the feasibility of setting up retail outlets. More recently, the owner had invested his own funds in a wrapping machine to wrap individual dates. He was also experimenting with a Dupont-manufactured material for protecting dates against harsh weather to increase sourcing over a longer period.

Figure 11 Partnership Progress Timeline, Baloch Hamza Dates



Baloch Hamza either met or exceeded the expectation set out in this MDF partnership, as outlined in Figure 11 and presented below:

- **Date processing (orange line):** As Baloch Hamza's product/market mix evolved and grew, the firm was able to invest in and adjust its processing capacity to keep pace with its diversified growth.
- **Dates Sourcing (blue line):** Baloch Hamza reduced post-harvest loss from the farm gate to the factory in the following ways: (i) packaging retail-ready dates on farm; (ii) introducing plastic crates for packing dates prior to shipment; (iii) by arranging transportation for timely delivery of fresh produce to the factory; and, (iv) by introducing a system to trace the source of dates by each farmer. If the use of Dupont-protective materials works as hoped, this too will improve Baloch Hamza's sourcing efficiency overall.
- **Pro-poor impact (purple line):** Baloch Hamza deliberately integrated women into its business model because of their skills, work ethic and attention to detail. This could be an example to other businesses and communities on why empowering Baloch women makes good economic sense. There are signs in the Panjgur date market (the largest wholesale market in the area) that Baloch Hamza's focus on rewarding farmers and workers for quality has encouraged other date traders to increase prices on par with Baloch Hamza in order to source more quantities of quality dates. Grinded dates and date paste produced by women have had tremendous results. Due to high demand, Baloch Hamza is planning to increase its date paste production capacity.

Sustainability and Scale

MDF linked Baloch Hamza with another MDF partner, an exporter of organic dried fruit interested to fulfil a 70 MT order of dates in the 2017 growing season. At the time of writing, MDF was exploring more 'Baloch Hamza type' models in the date value chain outside of Balochistan.

How did MDF apply flexibility (contained by core MSD principles), team and time resources within this partnership?

In this case, assisting the business to source better quality dates for processing into a range of value-added products, in the right environment and at the right time, triggered many other desired outcomes. MDF's initial offer to this business start-up necessarily required co-investment in facility upgrades (including separate toilet facilities for female employees), processing equipment and in staff capacity (e.g. new female staff hires and training, especially given the firm's new female focus). On the surface, such investments could carry the risk of undermining a partner's ownership by putting in place the business infrastructure needed for the long term, instead of what is needed in the short to medium term to advance the owner's vision. MDF's co-investments with Baloch Hamza in capital purchases – that no bank would support – allowed the business owner to act on his very high will to innovate and add value to his region's abundant date crop. MDF's partnership experience with Baloch Hamza reaffirms the importance of the MSD core principle of building on a partner's agenda to take advantage of opportunities using local ideas and solutions, rather than sticking with a proscribed set of activities and deliverables. Had MDF not exercised this flexibility in its partnership with Baloch Hamza, it might have smothered this partner's zeal for learning, experimentation and calculated risk taking.

Many of the adjustments made during this partnership were intentional to strengthen the firm's capacity to influence the wider agro-processing sector in Balochistan; on quality, transparent business practices and breaking down social barriers in relation to women and business. The core principles of continuous learning and a rolling exit as success in one part of the system reveals opportunities in other parts of the system are clearly evidenced in the Baloch Hamza partnership.

Three Bumpy (and Sometimes Very Bumpy) Roads in Fiji

SOUTH PACIFIC ELIXIRS

Background

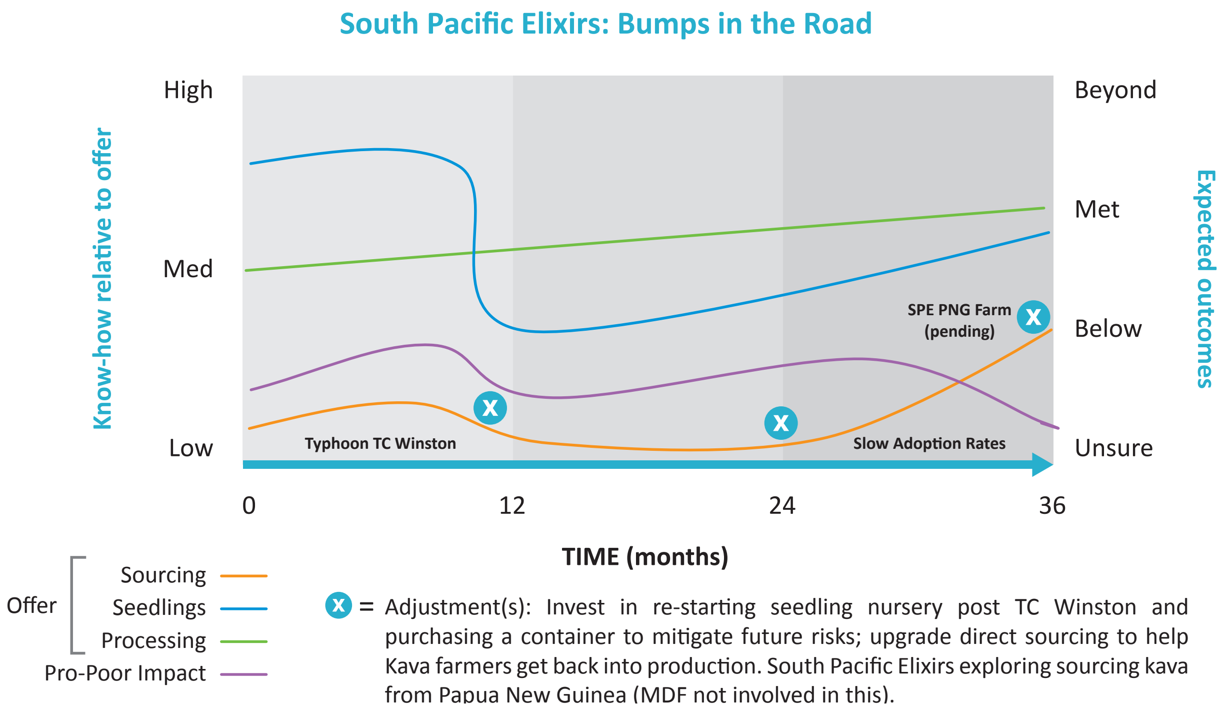
It took approximately seven years of research, product development and planning before this processor of a fruit-flavoured kava-infused 'relaxer' drink for global markets launched operations in Ovalau. Ovalau is the home island of South Pacific Elixirs' owner and an area well known for its kava. The challenges this start-up faced were matched only by the owner's ambitious vision to create more value from kava, a root crop common in Fiji and other South Pacific islands. The active ingredient that creates a relaxation effect is found only in "noble" strains of kava, grown in much smaller quantities than the kava typically used for commercial kava powders. The product requires fresh kava, which must be harvested two years after planting whereas the much more commonly traded 'dried' kava is harvested after five years. Only kava-based products derived from "noble" strains are allowed into Western countries as European research has linked kava products made from "ignoble" strains to liver ailments.

Experience

MDF and South Pacific Elixirs entered into a partnership after five months of assessment by both parties. South Pacific Elixirs was looking for support to scale up from pilot to full-scale commercial production. It needed to expand its seedling nursery and out-grower system. MDF recognised the complexity of this business but also saw South Pacific Elixirs as a strategic partner. As a commercial agriculture processor – rare in this outer island – South Pacific Elixirs could link Ovalau farmers to more advantageous export markets. The search for value-added opportunities from kava was also a national priority to boost declining exports for this commodity and South Pacific Elixirs business strategy aligned with this. MDF's initial offer to South Pacific Elixirs consisted of the following support:

- **Seedlings:** Start nursery operations to supply farmers with the right varieties of kava from "noble" strains.;
- **Sourcing:** Contract more growers of fresh kava with better agronomic information and cash payment-upon-delivery system;
- **Processing:** Build a HAACP-certified processing facility in line with known and forecasted demand.

Figure 12 Partnership Progress Timeline, South Pacific Elixirs



There were many 'bumps in the road' in this partnership, some unforeseen and others anticipated, but all for reasons that could only be uncovered and understood in the course of implementation. These reasons are presented in Figure 12 and described below:

- **Seedling nursery (blue line):** Tropical Cyclone (TC) Winston made landfall in Fiji in February 2016, causing major destruction on Ovalau, wiping out South Pacific Elixirs planting material nursery. TC Winston also caused massive damage to kava farms on Ovalau and many other kava growing regions in Fiji. Post TC Winston, South Pacific Elixirs rehabilitated the damaged nursery and re-supplied it with the right varieties of planting material. MDF provided additional financial support to enable South Pacific Elixirs to purchase and convert a shipping container to keep seedlings safe during significant weather events.
- **Fresh kava sourcing of the right varieties (orange line):** In exchange for fresh kava root harvested after two years, South Pacific Elixirs pays farmers a premium price per kilogram and cash payment upon delivery. However, farmers view kava as something to be harvested when short on cash and they did not react positively to South Pacific Elixirs' offer. Farmers typically harvest kava after five years, dry the kava and sell it to traders by weight. Despite paying a greater per kilogram price for fresh root than traders do for dried root, farmers end up with less cash in their pocket when the weight of fresh kava is discounted for its water content. This has demotivated contracted kava growers.
- **Processing capacity (green line):** South Pacific Elixirs has no shortage of buyers for Taki-Mai, its fruit flavoured kava infused relaxer drink, and it has sufficient processing capacity with the required certifications (HACCP and GMP) and license to satisfy export orders.

South Pacific Elixirs found itself at a major crossroads in terms of the future of its business. Could it solve the problem of sourcing the required volume of fresh kava root and continue production of its kava-based relaxer drink? Or must it put this product aside and focus instead on high grade kava powders made from dried kava root? The details are explained below.

- **Sourcing the right varieties of fresh kava at the right volume (orange line):** At the time of writing, this was South Pacific Elixirs' biggest single constraint, as backorders from existing buyers and new buyers were growing. The slow adoption rate of Ovalau farmers of the new kava varieties and the significant investment needed to promote supply in other parts of Fiji required South Pacific Elixirs to seek alternative sourcing strategies. Sourcing from bulk markets would not work as there was no differentiation by variety or quality. Purchasing/leasing land in Fiji is complicated and too expensive for South Pacific Elixirs to be able to set up its own kava farm. South Pacific Elixirs was in negotiations to secure a 1,000-hectare parcel of land in Papua New Guinea (PNG) to set up kava growing operations there, urged on by its jittery investors.

- **Processing (green line):** It would be more cost-effective for South Pacific Elixirs to import kava from its farm in PNG for processing at its Ovalau facility. South Pacific Elixirs would continue to source kava from Ovalau farmers at whatever volumes they are willing to supply. It would take at least two years for South Pacific Elixirs' PNG farm to supply its processing facility. Meanwhile, South Pacific Elixirs started to import dried kava of mixed varieties from Vanuatu to produce high quality kava powders for sale in the region to generate desperately needed cash flow.

- **Seedling nursery (blue line):** The nursery operation would produce enough seedlings to satisfy demand by farmers interested in participating with South Pacific Elixirs as out-growers.

- **Pro-poor impact (purple line):** Increased farm income from the sale of fresh kava was anticipated to deliver more pro-poor impact than the wage income from employment in South Pacific Elixirs' processing facility. In the short term, wage income may grow as South Pacific Elixirs' processing facility shifts to kava powders made from mixed variety kava.

Sustainability and Scale

Scale and sustainability of premium-priced, valued-added kava products based on "noble" kava strains would get a major boost if the governments of Fiji, Vanuatu and the Solomon Islands adopted a kava quality standard. South Pacific Elixirs' owner has been a vocal advocate for such a policy so that all kava coming out of Vanuatu, the Solomon Islands and Fiji could be standardised. This would be beneficial for companies, like South Pacific Elixirs, who want to buy, process, and sell to mainstream global markets with strict quality standards. However, traditional kava traders, who trade in bulk and sell by weight, have pushed back against a quality standard as the kava they trade targets the diaspora market where quality standards are much less stringent. Should a standard be adopted, MDF would likely support South Pacific Elixirs to develop a farmer database to source kava throughout the region, and provide a platform for sharing information on best practice cultivation of the right varieties of the "noble" strain.

How did MDF apply flexibility (contained by core MSD principles), team and time resources within this partnership?

From the outset, the MDF team recognised the risks involved in advancing South Pacific Elixirs' complex business model, but calculated that the potential transformative effect of the model on the kava industry outweighed the risks and costs. Upfront co-investment with South Pacific Elixirs in the seedling nursery and in the processing facility upgrade was required to show proof of concept. MDF provided the 'patient capital' start-ups need to attract more investment; exactly what happened in this case.

South Pacific Elixirs has encountered many bumps in the road, including, but not limited to, a devastating typhoon and local farmers' resistance to adopting new strains of kava. Managing risks and expectations required a team with the capacity to read and react to the many and varied bumps in the road that simply couldn't be known in advance. South Pacific Elixirs and MDF were surprised that kava farmers did not see the benefits of what was believed to be a favourable offer to pay cash upfront for fresh kava.

The partnership crystallised the need for flexibility contained by principles to deal with the 'bumps'.

MDF's readiness to think through feasible solutions to problems as they arise must continually be weighed against the potential for pro-poor impact on small farmers in Fiji. Should South Pacific Elixirs shift production from Fiji to PNG, MDF will need to assess what this means in terms of the partnership's contribution to system-wide change in Fiji. MDF will also need to assess what strategic role it can continue to play in transforming the kava economy in Fiji and the South Pacific (such as getting directly involved in the process of setting regional kava standards).

LABASA FARM FRESH

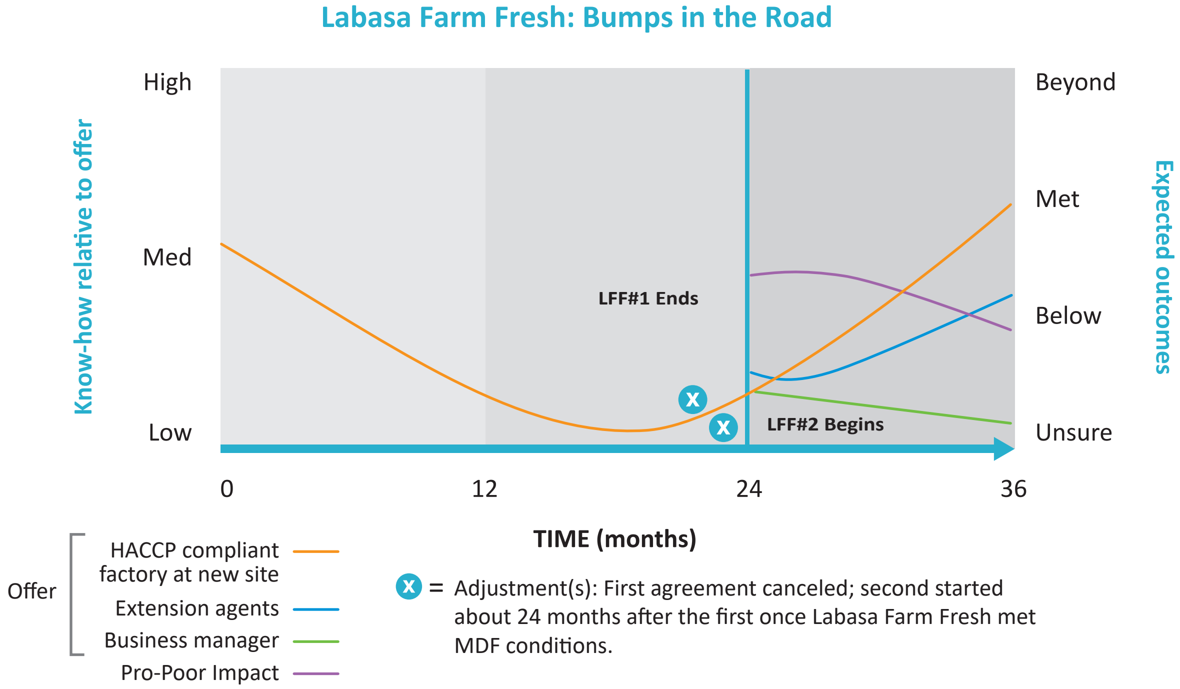
Background

When MDF began discussions with Labasa Farm Fresh in 2012, the firm – a recent entrant into export horticulture after many years farming sugarcane – was in the process of attaining HACCP certification required by the Fiji Ministry of Health and Australian authorities. Labasa Farm Fresh had purchased equipment and started to train its factory workers as part of the HACCP certification process. Negotiations with banks to finance the Labasa Farm Fresh expansion plan had stalled, primarily due to its weak business plan. The business plan did not adequately demonstrate the opportunities that the owners (and MDF) had identified.

MDF and Labasa Farm Fresh entered into a partnership agreement (referred to as LFF #1) after a period of six months of due diligence by both parties. It took time for the family members to understand MDF's offer and the Fiji-based brothers always deferred to the Australian-based brother, which further challenged communications and understandings.

MDF's interest in this partnership was twofold. Firstly, at the time, Labasa Farm Fresh was the only processor/exporter on Vanua Levu with a track record. Secondly, its product mix – roots, tree-crops, medicinal plants – favoured sourcing from subsistence farm households. MDF set aside FJD 50,000 for Labasa Farm Fresh to engage a business-planning consultant, hire a business manager and install a computer-based accounting system. The release of funds was contingent upon Labasa Farm Fresh relocating to a new site and building a new factory.

Figure 13 Partnership Progress Timeline, Labasa Farm Fresh



Experience

The bumps in this partnership are presented in Figure 13 and discussed below. The relocation of the factory to a new site proved to be a more intractable challenge than either Labasa Farm Fresh or MDF had anticipated, due to the following:

- Complex land ownership rights made land purchase or leasing difficult, despite an abundance of land and the family being well known to the community
- Bank finance could not be secured without a land title or land lease
- Refurbishing an old factory was not viable as HACCP certification would be much harder to achieve in an old building. The prospect of failed audits and piecemeal investments would be too costly.

Unless a suitable site could be found on which to build a new factory, the business expansion plan was not viable.

Two years passed and the owners had not yet found a suitable site. While the delays were understandable, the lack of communication with MDF on the status of the new site led MDF to cancel the partnership agreement. MDF, did however, maintain the relationship to allow the partnership to be reignited should the land issue be sorted out.

Meanwhile, MDF staff worked behind the scenes to encourage the Minister of Agriculture to influence local landowners who held leases to suitable land to explore a deal with Labasa Farm Fresh. Eventually, this worked. Labasa Farm Fresh found a new site, built a new factory and entered into a new partnership with MDF (**orange line**).

In January 2016, Labasa Farm Fresh and MDF entered into a second partnership agreement (referred to as LFF#2) which was like the original agreement in that it aimed to support Labasa Farm Fresh' expansion plan and build its technical capacity to source product, provide technical assistance to farmers and manage the business. MDF's offer under this second agreement involved the following:

- **Extension agents:** Hire one new field extension worker for direct sourcing from farmers (**blue line**);
- **Business Management:** Hire a professional business manager and install a computer based management system (**green line**).

Finding suitable field extension officer candidates who were willing to re-locate to Vanua Levu – there is a huge skills shortage on this outer island – proved to be more problematic than originally anticipated by Labasa Farm Fresh and MDF (**blue line**).

- Labasa Farm Fresh did hire one field extension officer but made a trade-off between hiring someone with strong technical skills for an individual capable of managing sourcing arrangements between Labasa Farm Fresh and farmers. Labasa Farm Fresh will fill the technical gap in its sourcing strategy as and when a suitable candidate is willing to relocate to Labasa.
- At the time of writing, Labasa Farm Fresh had been unable to recruit a qualified business manager and so plans to upgrade their accounting and management systems were on hold (**green line**).
- **Pro-poor impact (purple line):** Labasa Farm Fresh specialises in exporting products that are mainly grown/collected by subsistence farmers. As long as Labasa Farm Fresh is in business with this product mix, poor people will benefit. At the time of writing, it was too early to measure the effects of MDF support on business expansion and greater pro-poor impact, but it is likely below expectations given the long gestation period of this relationship (**purple line**).

Sustainability and Scale

Labasa Farm Fresh is typical of a promising Fijian, small-scale food exporter, with a wide gap between its will to grow and its management skill to supply demand. MDF will continue to partner with companies, such as Labasa Farm Fresh, who are serious about narrowing this capacity gap and at a logical pace that allows the business foundations to be put in place prior to rapid growth and scale up. Moving forward, MDF's partnership with Labasa Farm Fresh will likely entail the following:

- Keeping Labasa Farm Fresh owners focused on installing cost-effective systems
- Recruiting extension officers with required technical skills/background
- Linking Labasa Farm Fresh with logistics providers with inter-island barge services for agriculture
- Linking Labasa Farm Fresh with other exporters in Viti Levu so that shortfalls in supply by one can be satisfied by another.

How did MDF apply flexibility (contained by core MSD principles), team and time resources within this partnership?

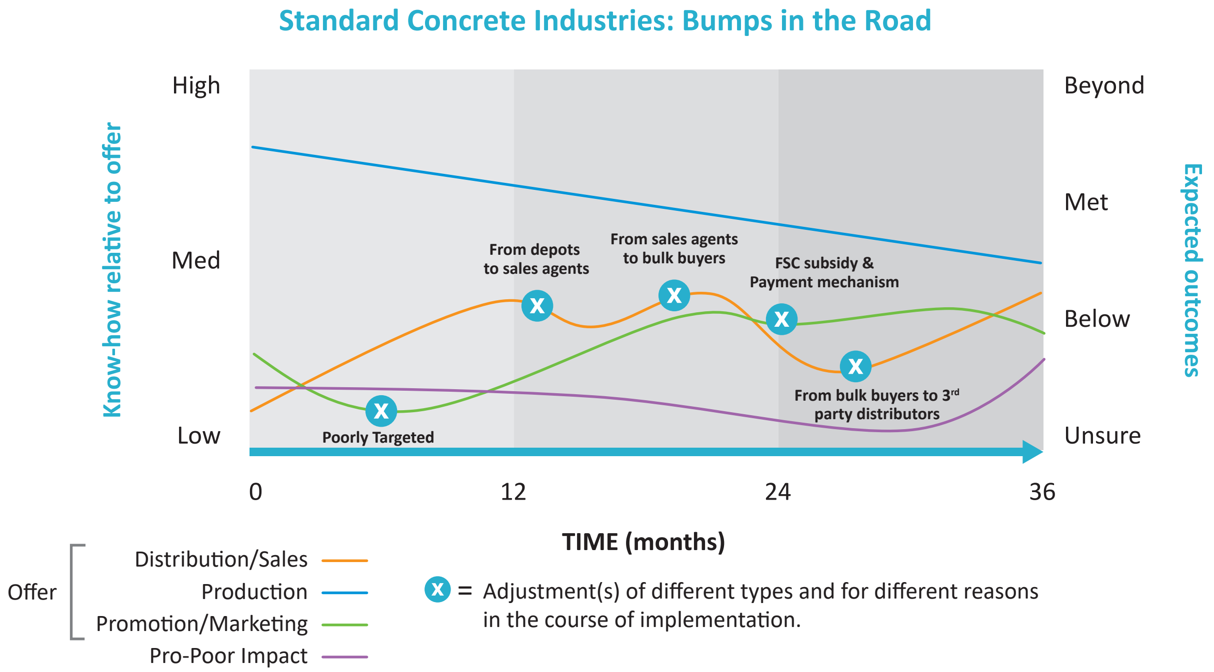
Labasa Farm Fresh represents a case where MDF had to deal with opaque decision-making within a family business. While building on local ideas/initiatives is a core principle, it can be hard to know up front who controls the business and its growth. This uncertainty required MDF to allow Labasa Farm Fresh the time to sort things out between themselves. MDF 'kept the door open' for Labasa Farm Fresh to re-enter the partnership once it had sorted out internal issues. Meanwhile, MDF staff worked in the background to facilitate the necessary changes (e.g. a suitable processing facility) for a partnership to make sense. An adherent of a proscriptive approach might think this investment of the MDF team's time as somewhat unorthodox: after all, the partner failed to meet its obligations under the agreement. Flexibility in approach allowed MDF to end one partnership that did not work and then start a new one with Labasa Farm Fresh once they had met the pre-conditions to be successful with their plan.

STANDARD CONCRETE INDUSTRIES

Background

In Standard Concrete Industries, MDF found a solid partner ready and willing to actualise MDF's prior work on this nation-wide problem of improving the condition of overly acidic soils throughout the country. MDF's first partnership with Standard Concrete Industries began in 2012, followed by three more partnerships as some anticipated and some unforeseen events affected the implementation of this project.

Figure 14 Partnership Progres Timeline, Standard Concrete Industries



Standard Concrete Industries Partnership #1

At the beginning, Standard Concrete Industries tweaked its equipment to process limestone into a sufficiently fine grain for better soil absorption (**blue line**). The two biggest early challenges faced were as follows:

- Promoting the use of agricultural lime – a soil conditioner – and differentiating it from fertiliser. The use of agricultural lime was commonly practiced by sugarcane farmers in Fiji some 30 years earlier, but was abandoned with the abundant supply of fertiliser. Standard Concrete Industries invested in radio promotion, farm day demonstrations with the Fiji Sugar Corporation and even sponsored a local rugby team. However, these methods proved to be either too broad-brush or slow to organise to have much effect on sales and turnover (**green line**).
- Costs associated with distributing 40kg bags needed to be kept low so the final price was affordable to farmers. Standard Concrete Industries initially adopted a simple distribution system by establishing three depots, which were thought to offer reasonable access to farmers as most Fijian farmers have cars. Either the location of the depots and/or the distance of the depots from farmers resulted in willing buyers choosing to forego buying the agricultural lime (**orange line**).

Standard Concrete Industries Partnership #2

The second partnership emerged as Standard Concrete Industries' promotional activities weren't translating into desired turnover. MDF amended the agreement to include support to recruit, hire and train a dedicated sales team of 12 agents. These agents were tasked with educating farmers on the benefits of agricultural lime, conducting soil tests and providing recommendations to farmers on the appropriate levels of agricultural lime use per hectare. The results were mixed (**orange line**) due to the following:

- When a sales agent's skills coincided with the needs of the farmer then sales were good (desperate farmers were already using Standard Concrete Industries' concrete mix to augment their soils for sugar cane)
- When there was either a poor sales agent or a farmer with only modest interest (or a combination of both), then sales typically fell below expectations.

Standard Concrete Industries Partnership #3

The direct door-to-door sales model proved to be too costly. Standard Concrete Industries dismissed all its sales agents and discontinued this promotion/sales approach. The third partnership moved Standard Concrete Industries away from a direct sales model to a focus on building better networks with bulk buyers. These buyers included the Fiji Sugar Corporation, a large dairy cooperative, amongst others (orange line). With MOUs in place, farmers could now procure agricultural lime on credit and pay for it by a simple bookkeeping deduction when delivering sugarcane or milk to the bulk buyer. This approach worked to increase sales volumes where the previous two approaches failed to do. However, the approach did create new issues, including:

- Payment delays by bulk buyers to Standard Concrete Industries often exceeded 120 days
- Standard Concrete Industries had to outlay more cash to deliver higher volumes of agricultural lime (a bulky item) to many different locations.

Standard Concrete Industries Partnership #4

TC Winston destroyed large swathes of sugar and other cultivated crops in the Western part of Viti Levu. The Ministry of Agriculture set aside large sums of money to rehabilitate agriculture post TC Winston, including a fund to subsidise agricultural lime to be administered by the Fiji Sugar Corporation. This coincided with another adjustment in Standard Concrete Industries' agricultural lime promotion and distribution strategy: MDF would assist Standard Concrete Industries to identify third party distributors who would be responsible for promoting, distributing and selling the product at an agreed margin (**orange line**). The three key selling points for interested distributors were:

- The Fiji Sugar Corporation subsidy/payment mechanism was in place and funded at a level of FJD 2,000 per sugarcane farmer against a pre-approved list of purchased inputs including agricultural lime
- Prior sunk costs had built more farmer awareness and understanding of the benefits/uses of agricultural lime
- A short-term subsidy by MDF to defray some distributors' initial costs, including marketing/promotion activities and sheds to hold agricultural lime inventory closer to the farmer.

Three companies agreed to partner with MDF on distribution: KK Hardware, based in Nadi; Global Cargo Traders, based in Raki-Raki; and A. Hussain based in Labasa. At the time of writing this new mechanism was only 17 months into implementation and was experiencing teething issues on both sides of the transaction. These issues included:

- Global Cargo Traders and A. Hussain complained that the turnaround time between order and delivery took up to three-four weeks, resulting in lost business. They wanted Standard Concrete Industries to produce for inventory and not just on order.
- KK Hardware solved this issue by keeping a minimum stock of 400 40kg bags. KK Hardware turnaround time between orders and delivery was less than three days. Perhaps, KK had more cash on hand or a better relationship with its bankers than Global Cargo Traders and A. Hussain did. Or, perhaps, KK Hardware was more convinced about the future potential of agricultural lime in its overall bundle of agriculture products and services.
- On the payment side, all the distributors prefer to use the payment mechanism established at Fiji Sugar Corporation, but payment delays beyond 90 days continued to be a problem.

Sustainability and Scale

Standard Concrete Industries, with MDF support, took on the riskiest of all business expansion strategies: to offer a new product (agricultural lime) to a new market (farmers). The strategy itself partly explains why the production, distribution and sales of agricultural lime – even with the agricultural lime subsidy in place – encountered many problems and had not yet met the expected pro-poor outcomes from better soil fertility (**purple line**). Standard Concrete Industries is a large corporate (by Fiji standards) with much bigger business interests in the building materials sector. At the time of writing, Standard Concrete Industries had not been as aggressive as it had been in the past in proactively addressing issues in its agricultural lime business. It could be that Standard Concrete Industries de-prioritised agricultural lime due to demand for building materials post TC Winston; or it could be that Standard Concrete Industries' initial enthusiasm for adding another product line from its quarry had waned. Though MDF's formal partnership with Standard Concrete Industries had ended, MDF remains open to all past partners as and when they determine the time is right to advance an innovation. Standard Concrete Industries needs strategic partners to achieve much greater scale, sales and turnover. MDF will continue to explore mutually beneficial linkages between Standard Concrete Industries' agri-input suppliers and bulk buyers of agricultural lime, such as ginger farmers and poultry feed producers and especially those with buy-back mechanisms.

How did MDF apply flexibility (contained by core MSD principles), team and time resources within this partnership?

This partnership raises the question all development practitioners must address: how much is enough? MDF's Standard Concrete Industries relationship continues after six years and through four different 'light touch' partnership agreements as MDF continues to search for a viable and scalable model to deliver agricultural lime to Fiji's farmers nationwide. MDF judged that iterative partnerships with Standard Concrete Industries yielded enough positive outcomes, including knowing what didn't work, to keep at it and continue to seek a sustainable solution to low agriculture productivity. The MDF team knew when and how to make these adjustments through very close monitoring. While MDF may decide to discontinue its direct relationship with Standard Concrete Industries, particularly if Standard Concrete Industries is no longer interested in promoting agricultural lime, it will seek alternative partners with which to continue its efforts to address this national agriculture priority, as it has done with distributors and bulk buyers of agriculture inputs.

Unorthodox Responses that Remain Aligned with Core MSD Principles

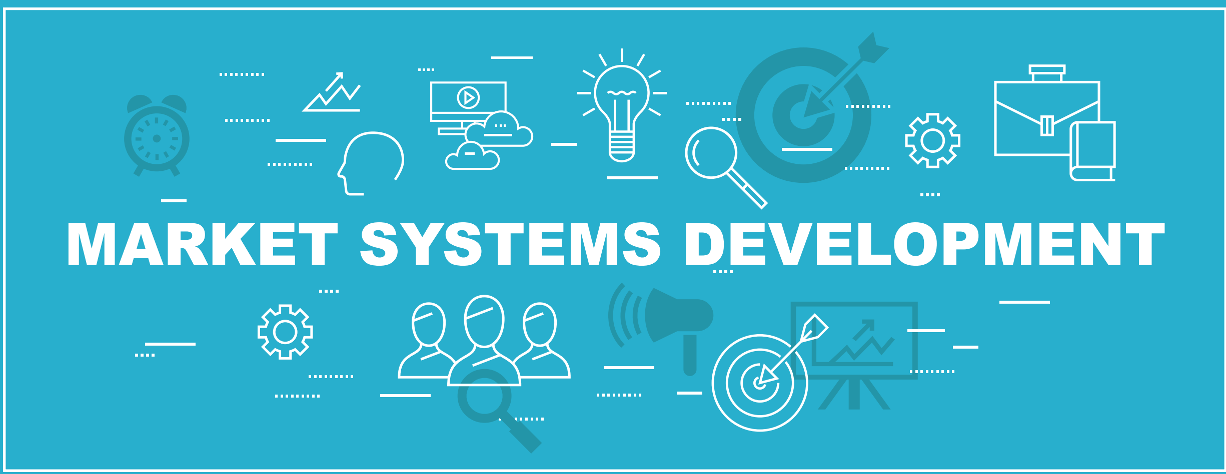
As demonstrated in the six MDF partnership profiles above, flexibility contained by principles proved key to MDF's agility and responsiveness when dealing with both market and partner contexts and challenges. In these partnerships, and others within the MDF portfolio, MDF strives to navigate flexibly while maintaining core MSD principles. Table 3 presents a summary of the challenges, or 'bumps', the response and how the response remained contained by principles.

Table 3 Summary of MDF's Responses and Alignment to MSD Core Principles

PARTNERS	OFFER	PRO-POOR OUTCOMES
National Foods (Pakistan)	Initial low chilli productivity required a shift from a 'light' to 'heavy' touch offer to co-invest with National Foods in a seed testing facility without which the innovation would not be successful	Frequent monitoring and a team with the right composition of skills detected bumps early and MDF was able to work with National Foods on thinking through benefits, costs and risks of unplanned investment in a seed research and testing farm
Magnus Kahl Seeds (Pakistan)	Devastating floods required Magnus Kahl Seeds to rethink its business model and shift its out-growers from a few male farmers in large plots to many female farmers with small size kitchen gardens, which required a 'heavier touch' response: more staff for outreach and a centralised drying facility	Team skills enabled MDF to work with Magnus Kahl Seeds on revising its business plan with information on social barriers to women in business critical to the plan's feasibility. Implementation of plans was accelerated by adjusting MDF's offer, with Magnus Kahl Seeds remaining in the lead with a good understanding of the benefits, costs and risks of this change
Baloch Hamza (Pakistan)	A 'heavier touch' offer was required to fill capital expenditure gaps for this entrepreneurial high quality date processor that no bank would entertain financing. This led to continued business growth without MDF financial support	Upfront MDF support for facilities, equipment plus continuous monitoring catalysed Baloch Hamza's growth plans, while also strengthening the owners will/skill to influence the inclusive growth of the agro-processing sector in Balochistan
South Pacific Elixirs (Fiji)	A devastating typhoon, a lukewarm kava farmer response to South Pacific Elixirs' offer required South Pacific Elixirs to completely re-think its business plan on what and where to source kava for processing into high value relaxer drinks, or lower value powders in the short term	Continuous monitoring and the flexibility to adjust its offer in the course of this bumpy partnership has enabled South Pacific Elixirs to search for viable commercial strategies for inclusive and transformative growth in the kava economy, but only to the point where the pro-poor impact can be realised. If this changes, so can MDF's strategy/ intervention in kava
Labasa Farm Fresh (Fiji)	MDF needed to cancel its initial partnership deal with Labasa Farm Fresh to enable this family business to decide on how best to implement their vision while also meeting MDF pre-conditions for support	Whereas 'less flexible' facilitators may have closed the door on this partnership for non-performance against the agreement, MDF kept the door open and worked behind the scenes to enable Labasa Farm Fresh to make the investments required as a pre-condition for MDF support
Standard Concrete (Fiji)	A devastating typhoon and a trial and error approach to get the business model to work required MDF to make a series of light touch offers over time to apply lessons and find commercially viable solutions to the production, distribution and marketing of agricultural lime nationwide	A facilitator needs the flexibility and time to avoid a false reading of an innovation's potential (agricultural lime from local materials) through the varying stages of will/skill of the innovator (Standard Concrete Industries). MDF continuously monitors its partners' performance as well as the landscape of the market system to avoid 'throwing the baby out with the bath water'

The Importance of Team and Time, and the Fundamental Capabilities Required

This case study has aimed to visualise the varying degrees and causes of messiness in thick and thin markets. It has demonstrated that messiness is inevitable and has explained why market systems development is a messy process in which 'express' roads to expected outcomes/impact are the exception and bumpy roads are the norm. The problem lies not in the 'bumpy roads' of market systems development, but in how to best develop program designs and methodologies, and build the right teams with enough time to manage the journey. More flexibility in managing partnerships for success allows an MSD practitioner to take what might be considered unorthodox responses to address the many challenges that simply can't be known in advance of implementation.



Context clearly matters across many dimensions: the readiness of established market players to open markets for inclusive outcomes in emerging market systems; the kind of business expansion strategies that are required to make this happen; the kind of will and skill gaps that need to be fixed and facilitated. Operating in a thicker market such as Pakistan means the facilitator can manage risks better, can keep partnerships somewhat simpler and shorter, and can achieve more scale and systemic outcomes quicker. In a thin market such as Fiji, more complex strategies need to be deployed by less capable partners operating in more fragmented market systems, and, as such, the timeline to results is longer, with more bumps in the road and systemic change takes longer to come together. Of course, this does not mean that it is less strategic to invest in inclusive development outcomes in Fiji as compared to Pakistan. In fact, there may be more 'bang for the systemic change buck' by creating alternative channels, such as for importing good quality seeds, as MDF is doing in Fiji, that can effectively compete against a monopoly. This MDF intervention may well have a greater transformative effect than the more incremental effect of expanded distribution networks of several seed companies in Pakistan, but the path to that change is longer and bumpier.

However, it also should be clear that mature markets do not protect against bumpiness. There is no silver bullet for inclusive outcomes. MDF's work in Pakistan and Fiji demonstrates that the same fundamental capabilities are needed to navigate market messiness and bumpy partnerships, no matter what the economic context. These fundamental capabilities are outlined below:

1

Partnership development and management is an iterative, reflective, responsive and not too bureaucratic process: MDF can move very quickly to develop a partnership but it often takes time to work out the plan with the partner. MDF accepts plans with sequenced change (not doing all at once), accommodates pauses in plans (if the partner needs to digest one change/innovation before embarking on the next), negotiates changes where lessons from experience dictate to do so, and enters follow up partnerships if the partner supports a better outcome and does not cast doubt on its willingness to implement the partnership. This requires short approval protocols and documentation requirements that ensure accountability and due diligence without creating bureaucracy.

2

Closely monitor the implementation process in a practical, qualitative yet scientifically rigorous manner: MDF tracks changes in a partner's will and skill to advance (or change) their plan by ensuring informed and credible team members remain close to the partner. These team members are skilled at guiding partners along their path without forcing them in particular directions. MDF also tracks how the market responds to an innovation using a mix of quantitative and qualitative tools to foresee or detect bumps in the road, their causes and potential solutions. This information is the lifeblood of a practitioner. It allows practitioners to provide enough informal business advice and network leads to a partner to help them over a bump, or prevent them from making unnecessary mistakes. It also allows practitioners to manage partnership agreements and adjust the offer, provided these adjustments move the partnership closer to its goal and are consistent with the core principles of the market facilitation approach.

3

Develop teams of the right composition, size and skillset to implement all the above: While a larger team may be required in thin markets (often characterised by remote and disbursed locations) the composition and skillset required are common across all market/partner contexts. Teams should comprise a mix of economic, business and social science expertise. They should also comprise a combined skillset that includes systems analysis, relationship building and communications to enable the team to work with a range of partners, big and small, undertake research and analyse foreseen and unforeseen developments. Together, this combination of experience and skills should ensure the team thinks in an entrepreneurial fashion to guide partners as they identify solutions.

4

A realistic time horizon for achieving systemic change expectations given the inherent messiness of this approach: The systemic change process, as described in this study, is erratic and messy as it is influenced by so many variables, many outside the control of the partner and MDF. MDF hedges against this variability by focusing initially on improving the value chain performance and the critical relationships that make this possible. A demonstration of an innovation supported by a viable business model creates the conditions for wider systemic change. All this takes time beyond the timeframes of a development project. Enough time incentivises the facilitation team to push its partners to higher levels of performance and to inclusive growth.

Together these capabilities form something resembling a 'Swiss pocket knife' for market systems development – a toolkit that can embrace complexity, manage messiness and deal with bumps in the road. If a practitioner has identified the right emerging markets with feasible opportunities for inclusive outcomes, and has the versatile Swiss pocket knife of the capabilities outlined above, he or she can create lasting, systemic outcomes in both thin and thick markets.

Looking Forward

1

PART 1 applied an Industry Life Cycle tool to analyse how differences in the horticulture sector influence sector choice and MDF's strategic positioning in the sector. It has concluded that the sweet spot for good MSD practice is shaped by four different dimensions of messiness. It has also examined the reasons behind the messiness of implementing the MSD approach via the use of an Industry Life Cycle analysis to compare the partner and market contexts within horticulture in Fiji and Pakistan.

2

PART 2 has continued the narrative by applying the Ansoff Market Matrix to analyse how the partner context influences partner options. It has used a Will/Skill Matrix to determine the benefits, costs and risks of partnership engagements to advance MDF's and its partners' inclusive growth objectives. The authors have shown that towards that is long, bumpy and certainly not linear, but it produces a lot of valuable information and learning opportunities, from which MSD practitioners can certainly benefit and apply to their programmes.

3

In **PART 3**, the authors argue that creativity, flexibility and pragmatism are fundamental to finding that Sweet Spot, and urge their MSD peers and other development experts to engage with them on this crucial journey towards poverty eradication.

4

PART 4 discusses why an agile learning organization is best suited to manage messiness for success. It will look at what the inter-connectecd organizational functions are that need to be aligned for programmes to really understand and respond to messiness and outline how they can do that without sacrificing accountability. It is expected to be published later in 2018.

Annexes

Annex A. Partner profiles: MDF's horticulture partners in Pakistan and Fiji

MDF Fiji's Horticulture Partner Profiles				
Name	**Type**	**Product (s)**	**Geographic Focus**	**Position in System**
Labasa Farm Fresh	• Small scale • Island-wide	Collected processed (basic) jackfruit, coconuts, bailey leaves	Labasa, Vanua Levu	Processor/Exporter for Diaspora Markets
Fijika Natural Products	• Small Scale • Local	Soaps, juices, oils from coconut and noni fruit	Labasa, Vanua Levu	Processor/exporter, mainstream Australian and New Zealand markets
South Pacific Elixirs	• Small scale • Island-wide	Fruit-flavored kava-infused beverages	Lau, Ovalau	Processor/exporter, global markets
Maqere Exports	• Small scale • Local	Cultivated processed (basic) horticulture and root crops	Raki-Raki, Vitu Levu	Processor/Exporter for diaspora market in New Zealand
Devesh and Bharos Farms	• Small scale • Local	Seedlings for vegetables and forest products	Nadi, Vitu Levu	Input supplier of seedlings
Standard Concrete Industries	• Large scale • National	Extracted/processed lime as soil conditioner	Raki-Raki and Nadi, Viti Levu Labasa, Vanua Levu	Manufacturer of agriculture lime, domestic market
KK Hardware	• Medium scale • Local	Inclusion of agricultural lime in bundle of household/ agriculture products and equipment	Nadi, Vitu Levu	Distributor of agricultural lime, local market
A. Hussain	• Medium scale • Local	Inclusion of agricultural lime in bundle of household/ agriculture products and equipment	Labasa, Vanua Levu	Distributor of agricultural lime, local market

MDF Fiji's Horticulture Partner Profiles				
Name	**Type**	**Product (s)**	**Geographic Focus**	**Position in System**
Global Cargo Traders	• Medium scale • Local	Inclusion of agricultural lime in bundle of household/ agriculture products and equipment	Raki-Raki, Vitu Levu	Distributor of agricultural lime, local market
Ben's Trading	• Large scale • Nationwide	Fresh root crops, including taro and cassava	Nationwide	Exporter of root crops in Pacific Island Countries, Australia and New Zealand.
Bula Foods	• Medium scale • Regional	Diverse range of horticulture products	Nadi, Vitu Levu	Exporter of fresh vegetables to Australia and New Zealand
Farmboy	• Small scale • Regional	Diverse range of horticulture products	Nadi, Western Region of Vitu Levu	Aggregator for Fiji tourist hotels
BioTec	• Small scale Start-up • Pacific regional	Planting material from tissue culture for root crops – taro, kava, ginger	Vanua Levu	Tissue culture plantlets for root crops (first of kind in the Pacific)

MDF Pakistan's Horticulture Partner Profiles				
Name	**Type**	**Product (s)**	**Geographic Focus**	**Position in System**
Organo Botanica	• Small scale • Regional	Certified processed apricot products	Gilgit Baltistan	Processor/Exporter for Diaspora Markets
National Foods	• Large scale • National	Low aflatoxin chillies for spices	Sindh	Processor/Exporter, mainstream Australian and New Zealand markets
Ali Akbar Group	• Large scale • National	Agro chemicals and Seeds	Punjab (kinnow[1]) Balochistan (vegetables)	Processor for local and export markets
Mountain Fruits	• Medium scale • Regional	Certified processed apricots	Exports from Gilgit Baltistan	Processor/Exporter
Magnus Kahl Seeds	• Large global with small local operation	HYV onion seeds using bulb/seed method	Khyber Paktunkhwa	Exporter of HYV onion seed multiplied in Pakistan

MDF Pakistan's Horticulture Partner Profiles				
Name	**Type**	**Product (s)**	**Geographic Focus**	**Position in System**
Baloch Hamza	• Medium scale • Regional	Processed dates	Balochistan	Processor/local markets
Khattak Seed Company	• Small scale • Regional	Cucumbers grown on stakes	Khyber-Paktunkhwa	Supplier of horticulture seeds
Vital Agri-Nutrients	• Small scale (agri.) • National (biologics)	Biological fertiliser	Khyber-Paktunkhwa	Specialised Inputs
Zia Gardens	• Medium scale • Regional	Floriculture and vegetable seedlings	Balochistan	Supplier of seedlings

Annex B: Summary of MDF Pakistan's Offers and Expected Outcomes with Profile Horticulture Partners

PARTNERS	OFFER	PRO-POOR OUTCOMES
Organo Botanica	Upgrade this small scale, borderland processor by improving small farm sourcing, processing (solar dryers) and attaining organic certification to enter export markets for organically certified apricots	Modest expansion of exports of dried fruits sourced from small farmers will encourage Organo Botanica to expand outreach to more apricots farmers for export
National Foods	Upgrade large nationwide food products firm with technical advice on improved dundicut chilli seeds/cultivation. Expand extension of better growing technology (geo-textile sheets) and agronomic practices for a reliable source of low aflatoxin chillies from farmers in sharecropping arrangements with large Sindh landowners. Differentiate product by quality safety	Improved low content aflatoxin chillies retain flavour profile and can be sourced at greater volumes of consistent quality through the landlord/sharecropper system
Ali Akbar Group (two partnerships)	Expand/accelerate outreach to commercial scale kinnow (mandarin) growers in Punjab, with better knowledge of product options/ uses to reduce disease and increase orchard productivity	A positive outcome in kinnow with MDF support encouraged Ali Akbar Group to expand its footprint in vegetables grown by small scale farmers. This occurred in a challenging market context with the prospect of greater pro-poor growth outcomes (many smallholders in fresh fruit and vegetables, but few in kinnow)
Mountain Fruits	Mitigate risks of geographic expansion to Balochistan with a range of products/services targeting vegetable growers	Product/market test would lead Mountain Fruits to further invest in this market diversification strategy
Magnus Kahl Seeds	Market study for this regional processor to assess challenges of pulped, fresh and dried apricots in standards-driven export markets	Seed multipliers have new and better source of farm income by entering onion seed export markets through Magnus Kahl Seeds and its established buyers
Baloch Hamza	Accelerate outreach of this global seed company to multiply HYV onion seeds for export through contract growing with male farmers in remote areas (Chitral) with improved dryer technology and seed testing facility	Link small farmers to a small-scale processor and job creation in growing date processing company
Khattak Seed Company	Increase production capacity and improve sourcing system to reduce post-harvest loss of this regional aggregator and processor of dates for domestic markets	Adopting vertical farming of cucumbers improves quality (fewer pests) and productivity (yield) in a land-scarce region enables farmers to get better prices by selling cucumbers in either side of the peak season

PARTNERS	OFFER	PRO-POOR OUTCOMES
Vital Agri-Nutrients	Working capital for a new facility and help to secure government licenses for an organic product mitigates risks for this small scale, specialised bio-fertiliser company to geographically expand (earlier than planned) with bio-fertiliser products/services for vegetable farmers in the Khyber Pakhtunkhwa vegetable belt	Vegetable farmer access to an affordable bio-fertiliser additive, which improves plant uptake of phosphorus. This in turn both optimises and lowers the farmers' costs for more expensive chemical fertilisers
Zia Gardens	Enable this Balochistan-based floriculture nursery to diversify into vegetable seedlings by doubling production capacity (using plastic tunnels) and upgrading its know-how to convey best practice seedling management to its existing/new small farm customer base	Small farmers can enter off-peak markets for specific vegetable crops resulting from shorter growing times from seedling to market-ready crop, resulting in better prices

Annex C: Summary of MDF Fiji's Offers and Expected Outcomes with Profile Horticulture Partners

PARTNERS	OFFER	PRO-POOR OUTCOMES
Labasa Farm Fresh	Expanded facility for primary processing (washed, sorted, dried and frozen) of collected produce (coconut, bailey leaves, unripened jackfruit, cowpeas) along with better field extension and upgraded business management staff/systems brings Vanua Levu's only exporter into compliance with Government of Fiji export licensing requirements. Also enables Labasa Farm Fresh to source and store (two additional months) more product during peak seasons, and better time exports to the parent company in Australia serving the diaspora market	Product mix favours subsistence farmers, including women, from a disadvantaged region of the country to enter higher value export markets. These markets offer a combination of price premiums and increased volume, offering better, more sustainable income opportunity then transporting products to Viti Levu, Fiji's main island with its intermittent and very expensive transport options
Fijika Natural Products	Upgrades in processing equipment, website development for an on-line presence and links to importers enables this processor of virgin coconuts (oil, soap) and noni fruit (juice and soap) to diversify into higher value export markets in Australia and New Zealand	Offers subsistence farmers an alternative market for their coconuts by linking them to importers of cosmetics, soaps, natural juices ready to pay premium prices for quality
South Pacific Elixirs	Expanded processing capacity, attaining HACCP and GMP certification and increased supply of 'green' Kava from out-growers. Out-growers were supplied with the right varieties of planting material and information from South Pacific Elixir's nursery, enabling this processor of fruit- flavored kava infused beverage (Taki Mai) to enter the growing relaxation market globally	A new product in an emerging and growing export market for 'relaxation' drinks promises to link traditional kava growers in Ovalau, an island rich in kava, to high end global export markets
Maqere Export	Upgrades to the facility to process (wash, sort, and store in a walk-in chiller) dalo (taro) cassava, eggplant, long beans and improve local sourcing of these crops by hiring its first technical field officer, enabled this Raki-Raki-based processor to satisfy demand	Small farmers in the Raki-Raki region on Viti Levu participate in higher value export markets through the only fresh fruit and vegetable processor/exporter serving this region in Viti Levu
Devesh and Bharos Farms	Expanding this start up's nursery capacity and improve its offer (seedling varieties and information on seedling management) accounting/business management and disaster mitigation systems enables this seedling business (Fiji's first commercial nursery) to expand sales to customers engaged in both backyard and commercial farming	A commercially viable seedling operator which supplies a wide range of fresh fruit and vegetable varieties year-round will enable farmers of different size and sophistication to enter into new markets, especially tourism, and expand their income from horticulture

PARTNERS	OFFER	PRO-POOR OUTCOMES
Standard Concrete Industries	Market research, production upgrades and links with agri-input firms (KK Hardware, A. Hussain &Co, Global Cargo Traders) enables this building materials company to extract, process and distribute agricultural lime from its quarry for use by all major crop farmers to reverse the decline in productivity resulting from overly acidic soils	A consistent supply of affordable agriculture lime will encourage farmers to purchase and use agriculture lime while also adopting better soil management practices to maximise the nutrient uptake for all plants in their crop plan
KK Hardware	Support and training involved with the hiring of a field manager to promote and distribute agriculture lime enables this Nadi-based hardware store to diversify its product mix to customers	A local, more convenient source of agriculture lime along with information on its optimum use to improve plant nutrition
A.Hussain	Support and training involved with the hiring of a field manager to promote and distribute agriculture lime enables this Vanua Levu hardware store to diversify its product mix for customers	A local, more convenient source of agriculture lime along with information on its optimum use to improve plant nutrition
Global Cargo Traders	Support and training involved with the hiring of a field manager to promote and distribute agriculture lime enables this Raki-Raki based ag-input supplier to diversify product mix to its customers	A local, more convenient source of access to agriculture lime along with information on its optimum use to improve plant nutrition
Ben's Trading	Support for attaining HACCP certification, private extension and hiring a new business manager enables the largest and most influential root crop exporter to expand into mainstream export markets (eg Kohls and Woolworths) at scale	Link hundreds of existing and new root crop farmers across most of Fiji's Islands into larger export markets
Bula Foods	Technical assistance in business planning enables this exporter, with a prior large investment in a cold storage facility located near the Nadi International airport, to prepare for export of horticulture products to Australia and New Zealand	Link more horticulture farmers to export markets through a state-of-the-art cold storage facility
Farmboy	Upgrade the processing facility with an industrial kitchen and technical assistance for improved direct sourcing from growers, enables this aggregator of locally produced fresh fruit and vegetables to sell a range of products into Fiji's expanding tourism market	This first-mover into local aggregation promises to link more local farmers into an expanding market while also substituting imports for local produce

PARTNERS	OFFER	PRO-POOR OUTCOMES
BioTec Ltd.	Procure laboratory and nursery equipment, recruit related technicians (very few in Fiji), and promotional support to educate farmers on a new types of planting materials enables this start-up tissue culture business, the first of its kind in the South Pacific, to go into full scale commercial operation serving export agriculture (taro, kava, ginger) with high quality planting materials	Fills gap in high quality planting materials for the export sector with a focus on taro to ensure Fiji retains its status as the largest taro supplier in the South Pacific. Offers the sector's main players – farmers, exporters and the Ministry of Agriculture – a rapid response mechanism for plantlets after a natural disaster

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