

DEAL SHARE LIVE: Fostering the Growth of Inclusive Businesses

About the Session

This [Deal Share Live session](#) is part of the [AVPN Inclusive Business initiative](#) in partnership with the [Inclusive Business Action Network](#) (IBAN). The overall aim of the programme is to advance the inclusive business ecosystem across 4 key markets and deepen its impact on people living at the base of the economic pyramid (BoP) — on US\$6 or less a day.

The first two phases of the programme focused on delivery of knowledge, awareness and capacity building activities in order to strengthen the respective roles of the various stakeholders involved. The third and final phase was wrapped up in the form of a Deal Share Live session where shortlisted investment-ready inclusive businesses were given the opportunity to present their business models and strategic growth plans to impact investors and resource providers. The intent was to facilitate informal matchmaking between the two parties to unlock potential collaboration opportunities, make valuable connections and share insights with one another.



On the 27th June 2019, AVPN hosted eight Inclusive Businesses (IBs) to present at the conference. All eight participants represented enterprises that were active in the agriculture and/or food sector, spanning across Indonesia, the Philippines, Thailand and Vietnam. The work of the inclusive agribusinesses ranges from innovative agriculture financing, sustainable cultivation and export of agricultural products, to holistic development models centred around farming communities. What they all had in common was that their business value chains engaged with people living at the BoP, whether it be as suppliers, distributors, retailers or employees.



To kick off the event, Christian Jahn, Executive Director of IBAN, gave an introductory speech to share the expansive work that the network engages in and how it has continued to catalyse the growth of inclusive businesses worldwide. The Deal Share Live session was split into 3 rounds, each round consisting of a 5 minute presentation from the inclusive business and 10 minutes of open discussion and Q&A from the delegates. After the three rounds were completed all 8 representatives were invited up to share some of their key takeaways from the session.

Key Takeaways

All 8 representatives held common sentiments regarding the positive outcomes of the session. Majority noted that the session was highly beneficial as a way to meet various stakeholders in the ecosystem and establish contacts in a nonconventional way. Some of the individual feedback we received stated that they liked the set up of the session as it gave them the opportunity to have more intimate discussions with delegates as compared to the cold boardroom pitch environment. One participant commended the open discussion portion of each round and noted that “it was very successful as the group [of delegates] were highly engaged and asked great questions to better help me understand the current issues and gaps of our business model for inclusion”. Another noted that “it was a fantastic way to make first contact with people” and expressed that conversations were later followed up for more concrete plans. On average, participants recorded that they managed to make about 6 strong contacts by the end of the session. The various types of support offered to them ranged from potential investments, debt financing and grants to specialised training, strategic growth planning and access to targeted networks.



We also received collective feedback from respondents that the pre-conference support and overall session execution by the AVPN team was strong. This includes the pitch preparations, session briefings and overall flow of the session.

We invite members who are interested in finding out more about Deal Share or the Social Purpose Organisations that pitched in this session to visit www.avpn.asia/dealshare or to click on the title of the enterprise listed below.

Summaries of Discussions

Cricket One

Presenter: Nam Dang, Founder & CEO

Market: Vietnam

Project outline: The project aims to produce crickets as a sustainable high protein and high mineral food source for human consumption through collaborating with local farmers in Vietnam for crickets farming. The process



leverages on IoT technology and the circular economy. They understand the struggles faced by smallholder farmers and is committed to work together with them to improve their livelihoods. They do this primarily through leasing out the integrated container unit so that farmers can utilize their agricultural by-products to grow crickets productively, and train them the best practices and relevant technology. They then acquire the output and process it into finished products. The farmers will be able to improve their income 9-fold compared to the traditional farming model. Having only been established for 2 years, they currently produce up to 12 tonnes of crickets per month and are exporting to 8 countries.

Discussions:

Q: Why is it better for farmers to grow crickets compared to other livestock? And how do you support the BoP?

A: We used to work closely with a farmer that farmed chickens as well as our crickets. After a while he found that the income from crickets were far more consistent and stable than income from chickens due to factors out of his control. For example, the chickens were at risk of being unwell if the feed and season is not good, whereas this was never a problem for crickets. That said, for now we cannot assure them that the demand for this product will consistently increase, but as we grow as a company, we hope to buy and provide more container units for them to increase their volume farmed and income received.

We are able to continuously support the smallholder farmers living at the base of the pyramid with our leasing model as we are positioned as cheap and eco-friendly, so maintenance of materials are highly affordable and sustainable.

Q: Can you outline the production process — How are the crickets turned into powder? Are there any unique processes being utilised?

A: Some of the by-products that we produce are cricket powder and cricket oil to be used for other processed foods. The cricket powder is manufactured by first lowering the temperature which causes the crickets to die. Then we store them in a cool and dry space to be cooked and dried later on. Through this process, the oils from the crickets can be extracted and we additionally sell that as it is used to make mayonnaise and sausages. There are no secrets for the making of the powder. But for one of our new products, we are trying to patent an enzyme unique to us only.

Q: Where do you see your market in terms of potential growth? Do you foresee any push back from the people in the future?

A: It is definitely a big uncertainty in terms of the future growth trajectory of this market. As of now, the market is not that big yet, but we are highly optimistic that we can help shape and evolve this. We want to feed a growing population that is something beyond strictly plant or meat-based diets. The future of this market is bright, but we need to work hard to educate the customers and market about the environmental and health benefits of the farming and consumption of crickets. Push back will come from lack of awareness, hopefully by educating them this will resolve itself.



Agronomika Finance Corporation

Presenter: Jonna Bickel, General Manager

Market: Philippines

Project outline: An innovative financing company with the objective of supporting

rural enterprise and agricultural development. Agronomika has developed a unique delivery model to provide value-chain-integrated agriculture finance to smallholder farmers and offers business loans for Micro, Small and Medium Enterprises in rural value chains. Through its flagship cacao lending program, Agronomika has provided 650 smallholder farmers the opportunity to establish 1200ha of new cacao farms and plant more than 1 million trees. Agronomika collaborates with international financing institutions, investors and technology companies as well as global value chain partners to implement this unique and client-centered model. Focusing on smallholder farmers, low-income households as well as micro and small enterprises as the key target group of its services, Agronomika is dedicated to contribute to rural development in some of Philippine's poorest regions.

Discussions:

Q: What is the typical size and rates of the loans? What are the levels of nonperforming loans and gestation period for full production?

A: Normally loans are USD\$2000 for 1 hectare and the interest rate will be 16% diminishing. The ratio for nonperforming loans are at about 1.8%. The gestation period is usually about 2 years for the full production to be reached.

Q: What funding arrangements do you have?

A: FMO (Entrepreneurial Development Bank supervised by Dutch Central Bank) funded us at the beginning. The terms for this loan is 9% and this is the only debt we have at the moment. We are now actively looking in the domestic and international market for investors.

Q: What is the gender ratio like among your borrowers?

A: Currently our gender ratio is 70% male and 30% female but the latter is on a continuous and upward rise. Women in the Philippines are getting more and more educated and as a result are quite empowered. This can be tangibly seen during periods when the cacao are maturing and the women take great initiative to be more involved in the processes. They insert themselves into the mix by taking on tasks and responsibilities of harvesting and processing the produce.

Q: Do you plan to grow into other areas of the Philippines or overseas? Can your team sustain this?

A: At the moment it is too early for us but it is always a possibility as there have been partners and corporations that are looking to grow with us. We currently have loan offices in the field and they cover the areas with our strategic partners to seek out opportunities — we have 6 loan officers at the moment but plan to double by this year.

GREAT Women

Presenter: Jeannie Javelosa, President

Market: Philippines

Project outline: A social enterprise with a unique brand platform powered by an accelerator fund for women weavers businesses and indigenous peoples under an inclusive textile supply chain that adds value and standardizes products for niche, global markets. It has a built in ecosystem that draws in multi-sectoral partnerships to answer gaps in



financial inclusion, social impact, innovation, research and development, mentoring and training, standards and certifications. GREAT Women Philippines, for the past three years has created proofs of business concepts that support the brand platform. GREAT Women standardizes textiles products and community tour services output and helps women micro-entrepreneurs come together for the international market. Revenue streams are derived from B2B2C for textiles, fashion, corporate gifts and events. The next step is to transfer through joint ventures, these proofs of concepts to a strong ASEAN network of small women enterprises.

Discussions:

Q: How does the stock purchase fund help the women weavers? Who will manage this fund?

A: The stock purchase fund is a working capital fund guaranteed by GREAT Women. It is used to purchase threads for, and textile purchases from micro-women weavers, cooperatives and indigenous peoples. This enables our women to be able to ensure a consistent supply of threads, colours, textiles and find the exact raw materials they need.

It is important to note that this is not in any way micro financing, it is a purchasing fund. Using this, we will be able to buy in bulk and standardise the quality to be brought to market to sell to larger corporations who are more particular about consistency. Furthermore, due to the existence of this fund, we have been able to document all the swatches of textiles and materials of indigenous products and designs for these larger corporate customers.

This fund is fully managed by GREAT Women and it is us that will help in attaining investors to grow the fund.

Q: How does your enterprise benefit the BoP? How many weavers do you work with?

A: We are working with 600-650 weavers at the moment. We try our very best to integrate and empower them all along the value chain by fully involving them in the entire business process from first stage manufacturing, to production, to selling to retailers as well as directly to individual designers/buyers.

Q: What is the market and growth potential for the finished products?

A: The market for fashion goods and finished products is currently quite small and niche. However, the margins are a lot higher than larger markets such as textiles and interiors for the homes and hotels. Thus a balance of both will ensure sustainable growth of our business. We are looking to grow the market for big corporates as we see huge potential in tapping into their supply of corporate gifts as the volumes are substantially large.

Global Partnership for Sustainable Solutions (GPSS)

Presenter: Jonathan Gershon, Managing Partner

Market: Philippines



Project outline: GPSS is an international development company which provides project management, investment, and consulting services in developing regions of the world. They bring responsible companies, institutions, and investors together into emerging markets for sustainable development which are dedicated to creating community models

for sustainable solutions and shared value, starting with the Philippines.

Their main project is the Caraga Initiative — a multi-industry sector development project starting with 1.2M acres that benefits our investors, as well as the indigenous people as stakeholders. The project focuses on building local cluster businesses by providing markets access, global supply chains, global value chains, and business partnerships. Through Indigi Token, a regulated security token offering, GPSS brings an innovative investment tool that makes the IPs stakeholders and beneficiaries, alongside accredited investors in the launch of sustainable agribusinesses in timber, fiber, sugar, and coconut. This investment tool digitises assets, tokenises equity and provides secondary liquidity to investors.

Discussions:

Q: For the timber agribusiness line, is the timber naturally sourced?

A: The Philippines government has a programme where there is a controlled amount of timber that can be lumbered and cut down. Our approach to this is that we try to find areas that accommodate controlled logging. On top of that, we work to foster and cultivate a market where the people can sell at a fair price instead of the black market as the prices will heavily undercut them. Eventually, our end goal is to give and induce full responsibility of the land to the people. To ensure seamless transfer of responsibility, the continual education and training programmes on site within the farming communities are intended to help them become more self-dependent in the long-term to succeed.

Q: How much have you raised at the moment? Are you open to debt financing, or only equity?

A: We have currently raised USD\$4million for scientific testing, modelling, and market testing. We are open to discussing any kind of financing.

Q: Is there anything else that you are currently developing?

A: We are also looking at blockchain technology for beneficiaries to obtain microfinancing as they do not have records for them to easily get a loan. We are currently talking to DragonChain, and working with them to create tokens, to support and enable micro-loans especially when there is no collateral or borrowers records to run due diligence on. These tokens will digitise equity and financing to ensure security for investors as well.

Hamona

Presenter: Tran Tuan Anh, Director of Market Development

Market: Vietnam

Project outline: Pioneer in manufacturing and marketing premium fresh coconuts by working directly with smallholder farmers. Their coconuts are organic and ready to drink that is easily distributed all over the world. Their product can be kept for a long time sometimes over a month as they freeze it, which can accommodate the surge in sales during high season.

Discussions:



Q: How does your business support communities and people living at the base of the pyramid?

A: Our core focus is on the harvesters and smallholder farmers. We fully recognise their difficulty in securing stable incomes from farming, harvesting and selling their own coconuts. Thus, we work to resolve this issue by contracting them to farm our organic coconuts for a whole year under a fixed price. What that means for them is that even if the market is slow and uptake is inconsistent, they can be rest assured that they will receive a stable flow of income for at least the rest of the year. Furthermore, in our factories, we try our best to employ disadvantaged groups of people. These are usually women over 35 years old who are not educated. To empower them to work better, we provide them with training.

Q: What is the main difference between your product and the regular bleached coconut?

A: We freeze our coconuts at -18 degrees to keep them fresh, instead of bleaching them with chemical preservatives. The freezing is required as the organic coconuts are highly vulnerable to mould otherwise. This unique method allows the coconuts to be kept for a far longer period than the regular coconuts. The longer they are kept, the more natural oils are produced and secreted into the coconut water, thus the sweeter they become.

This method does add considerable costs as compared to bleached coconuts — in Vietnam, our coconuts are selling for USD\$2, whereas in Singapore they are selling for USD\$5. However, our key differentiation is that Hamona coconuts are completely organic, natural and much sweeter.

Q: How are you sure your biotechnology cannot be replicated by other competitors?

A: We strongly believe that it is our hearts and deep dedication that cannot be replicated. We don't prioritise making money, we prioritise putting the health of the people first.

Q: What is the size of your current market?

A: The largest market is currently North America — United States and Canada. We are producing 1million coconuts annually as of now.



Akha Ama Coffee

Presenter: Lee Ayu Chuepa, Co-Founder

Market: Thailand

Project outline: A sustainable coffee producer engaging in direct trade with smallholder farmers to provide fair benefit for communities. Akha Ama started to work with farmers to enhance market for sustainable coffee. Instead of selling the cherry and parchment coffee to middlemen for a low price, they decided to process and market the coffee themselves, ensuring a better price for

the product. They also use an organically sustainable system of integrated cropping system for their coffee, reducing the use of chemical fertilizers, herbicides or pesticides. They engage directly with smallholder farmers to provide fair benefit for communities and also technical support to the farmers where required.

Discussions:

Q: What is the current scale and reach of your business?

A: We currently actively engage 30 farming families who produce our quality coffee that we sell to our markets. On top of that, we work with 300 families across Thailand in providing ongoing capacity building, training and programmes focused on improving coffee production. We are helping and providing the training to all these other communities to equip the next generation of quality coffee farmers. We do so by reinvesting a portion of our revenue streams to fund these initiatives.

Q: Why are you looking to expand to Japan? Why not focus on increasing farmer base?

A: We can certainly increase quality and training of farmer base, and we are already working towards that. However, we are currently looking to secure more market demand for our quality coffee as without a demand, there is no place for the supply to go to. Japan was chosen for its huge existing market and we want to tap into that. The market and coffee culture is very mature as many Japanese households consume quality coffee at home.

Q: Have you reached out to any buyers in Japan? And do you know any kind of certifications you may need to operate there?

A: No, we have not yet explored buyers in Japan or the certifications involved.

NeoSentra

Presenter: Jhody A. Prabawa, CEO

Market: Indonesia

Project outline: NeoSentra produces a huge range of agricultural products through direct engagement with smallholder farmers. More particularly, their farmers producing chili and tomato rely primarily on this for a source of income. These farmers, based in East Nusa Tenggara (NTT), a very remote southern province in Indonesia, struggles from some of the highest levels of malnutrition and stunting in the country.

NeoSentra works closely and trains both women and men farmers specific parts of the growing process to ensure best output. They also provide nutrition programmes with these farmers to tackle the issue of stunting.



Discussions:

Q: How will your business work to engage with communities living at the base of the pyramid?

A: We are actively engaging more women farmers in the process of scaling up our irrigated vegetable production system. This is main to carry out activities such as watering and pollinating the plants, which utilises up to 4 hours a day. We are attempting to engage these groups of women through outreach of governors' spouses, due to existing established connections that they will have with the women in these communities.

Q: Can this project only be done in Indonesia?

A: Yes, we are currently only looking at NTT area as a similar climate and soil conditions are needed for the current business model to work.

Q: Apart from your financial ask, do you have any immediate non-financial asks?

A: Not at the moment, as we have a respectable and highly qualified team working on the project. Alongside many other experts, we have a senior advisor from the UN Environment that has extensive knowledge in farming. All we are looking for now is USD\$200,000 to jump start the irrigation and in order for us to claim government grants. The government grants are available but the project needs to be kickstarted for us to be qualified to apply for the grants.

Golden Agri-Resources

Presenter: Melissa Yeoh, Partnership Specialist

Market: Indonesia

Project outline: Palm growing company whose core business include planting palm trees, refining, making it into commercial packed products such as margarine, butter etc. They evolved into an inclusive businesses through their CSR arm's many smallholders projects. One of these is known as their Alternative Livelihoods model, in partnership with L'oreal. They are trying to scale up and extend it by making it a core part of their business model. The Alternative Livelihoods model began as a response to discourage slash and burn practices and instead to engage organic farmers, to take part in a train the trainer scheme, to equip local farmers in ways of organic farming.



Their outreach is mainly in Kalimantan. They begin by doing a landscape mapping to see how farmers use the land, identify a plot to use as a demo plot. In this demo plot, they rear cows and using the organic waste to farm chili, rice and cassava. Farmers learn from this and replicate the process in their own farm lands.

The hope is that these outreaches can scale-up in five years to be sold to commercial partners such as Nestle who are already a customer but want to develop a stronger partnership that goes beyond

purely procuring oil, this could include products like chili sauce. GA is also exploring the possibility of farming cocoa or coffee, but are at a very early stage of exploration. L'Oréal has also indicated interest in procuring carbon and this could be a potential partnership as they are keen on working together with the community through the Alternative Livelihoods model.

Discussions:

Q: What other livelihood programmes do you have and do these programmes come from partners?

A: No these programmes do not come from partners, our partners just support them. We are doing these programmes in areas we are already working in. In coming up with and designing these programmes, we will try to talk to the local communities and businesses to determine their needs and wants. Currently, we primarily focus on programmes that are related to farming (alternative livelihoods programme) and palm oil (replanting trees) but we are not limited to this as we can create programmes regarding sewing and making batiks, if the communities requests such efforts. For example, we have a programme with a village planting Moringa.

Q: What is Golden-Agri doing regarding replanting?

A: We have been talking to banks and corporates about grants and we are currently looking to partner China Development Bank to further our programme.

Q: What are you primary non-financial asks?

A: We are looking for partners to brainstorm affordable financial solutions and loyalty programmes to keep the farmers loyal to the group.

Q: What is the process for the loan guarantor system?

A: In terms of collateral, we need to make sure that the land belongs to the loan-seekers and clarify any other issues such as whether or not the land has been deforested. Once this is fulfilled, the interest rates will be negotiated by us and we will act as guarantor. In the past, Golden-Agri used to provide the loans directly but we are currently working to shift the loan provision to Bank Syariah Mandiri instead.