Danida Fellowship Programme

General Concepts and Tools in SME Agribusiness Development
Development and Implementation of a three-week fellowship course

November – December, 2008
The DFC course in General concepts and tools in SME Agribusiness development is a 3-week course starting 24 November. The course will take place in Copenhagen, Denmark.

Objective of the course / The course will

- Enable the participants from the private sector to make efficient investments in the agricultural sector and to develop business clusters (producer/marketing etc groups) and partnerships.
- Equip participants with the appropriate skills and tools to assist/support agribusiness development activities within their home countries

Why this course?
The issue of small scale agriculture and agri-business development is of uppermost importance. The high demand for food and bio fuels in the world has led to increasing food prices, which affect especially the poorest, who are unable to produce food for them selves. On the other hand, the price increases can also stimulate agricultural production as long as supply constraints are addressed and value chains from ‘soil to table’ work smoothly.

Agri-business is demand driven economic development that in the right context acts as a strong driver for poverty reduction. It begins with effective demand for agricultural products that is transmitted to the commodity chain for sources of agricultural production. Since demand in a competitive market place is usually based on desired quantity and quality of goods, response to this demand in a competitive marketplace requires the supply side to respond with an increase in the efficiency of production at lower unit costs. This efficiency is the result of factors such as better technology, better farming practices, and increased human capital. Then these factors lead to production of the quantity and quality of goods sought in the market - production results in sales, which in turn results in increased farm household income – multiplied in many households. This increased income, which puts more money in the hands of rural consumers, results in increases in rural purchasing power.

The resulting rural purchasing power represents another source of effective demand for goods in marketplace. The most important of these goods is what economists call non-tradable goods, essentially perishable food and locally produced and consumed goods and services. The demand for these goods leads to expansion of rural enterprises and services because in a competitive environment rural enterprises make necessary investments and organisational changes to more efficiently produce the goods being sought. At the household level, the net impact is increased income; at the rural economy level, the net impact is increased enterprises, income and jobs.

Approach to Learning
The course will be structured around (1) classroom sessions, conducted by course facilitators and external guest lecturers; (2) excursions to learn about Danish agri-business experiences and support
opportunities and (3) group work (case based learning) centred around a ‘real-life case’ on setting up an agri-business enterprise. This case will be worked upon during the entire 3-week course period.

During the course the participants will be presented with cases representing the experiences of on-going agri-business projects and programmes that inter alia NIRAS is involved in. These will serves as inspiration, examples of tools and concepts and as a way to synthesise the experiences gained so far.

The learning process will require active participation of the course participants during group work and discussion in classroom sessions - but specifically in group work with the ‘real-life’ situation of setting up a business. The key objective of this case will be for the participants to practise what is learnt during the session, incorporate ideas from the excursions, and serve as a forum for debate on the opportunities and constraints etc for developing agri-businesses. The participants will be divided into groups of four or five participants.

**Application Criteria**

This course will target those who work directly with agri-business development. It is therefore envisioned that the participants typically will be from private agro-business companies, private sector institutions and business associations/trade councils as well as rural credit organisations, which are servicing farmers and entrepreneurs in developing their agri-business. They will as a result need to understand the specific tools in business development, like conducting a feasibility study and making a business plan. Furthermore, the participants should be introduced to a few macro level issues, like international standards, certification and promotion of an enabling business policy environment.

**Course Modules**

**Module A**

*Introduction*
- Introduction to participants and course management
- Introduction to course content and web based course platform
- Introduction to study place
- Introduction to Copenhagen
- Seeking information on the subject matter

**Module B**

*Business organization*
- Ownership models
- Corporate structures – the concept of Corporate Social Responsibility (CSR)
- Cooperatives

*Business planning*
- Innovation/new ideas to a business idea
- Strategic Planning
- Feasibility Studies & Business Planning
- Development of Business Management Plans (Cost-benefit analysis)
- Barriers to growth
- Agricultural marketing and food supply chain development

*Financial Issues*
• Credit Schemes
• Informal – formal sources
• Creating mechanisms for investment promotion and start-up businesses;
• Financial Management including the aim and need for proper financial management information systems

Module C
International Trade Framework
• Trade in various sectors in the current WTO context
• Linkages between local companies and international market
• Agribusiness/Private Sector and Food Security
• International Food Quality and Safety Standards
• Food Standards Harmonisation (ISO 22000)
• Food Quality Control including inspection and certification procedures e.g.
  - HACCP
  - Organic certification
  - Max Havelaar

Module D
The development of policies and strategies which contribute to an enabling business environment
• Risk Factors
• Three Perspectives: Rural Economic Development model, Business Model, Competitiveness Model
• Government sector policy and policy business environment
• Need and role of domestic trade- and industrial organisations
• Quality and enforcement of laws
• Creating mechanisms for investment promotion and start-up businesses – this includes value chain analysis
• Provide advice on the consistent implementation of legal reforms
• Business development as prerequisite for food security

Module E
International Labour Standards
• Occupational health and safety (OHS)
• Child labour
• Ethical standards

Environmental Mainstreaming
• Life Cycle Analysis (LCA)
• Cleaner technology and IPPC
• Coherence between use of resources and expenses
• Environmental aspects in business planning and for marketing
• Environmental standards and certification: ISO 14001 (international) - EMAS (European)
Henrik Borgtoft Pedersen, Course Manager and Tutor (PhD Biology, farmer (owner of organic farm))

Henrik Borgtoft has been active in training activities throughout his professional career. Positions held at Danish and Ecuadorian Universities and as Danida advisor have included general capacity building, course organization, teaching and thesis supervision. He has 20 years of experience working with development, environment and natural resources in Asia, Africa, Europe and Latin America. In addition to his consultancy work Henrik is managing his own ecological farm and a farm gate shop.

Henrik is a fulltime employee of NIRAS.

Gunnar P. Jakobsen (M.Sc Agronomist), Lead Tutor

Gunnar Jacobsen has 28 years experience with agricultural development in developed countries, transitions economies and developing countries in Asia and Africa for development organisations as well as private clients. In relation to agri-business development Gunnar has among others practical experience from the agri-business component of the Danida funded Agricultural Sector Programme Support (ASPS) in Uganda and from Vietnam with the Asian Development Bank on formulating investment projects for quality and safety improvement of agricultural products. In Denmark he was one of the founding members of the organisation Danish Agroindustries in 2000 under the Danish Agricultural Council and was the vice chairman until 2004 (www.agroindustry.org). The objectives of Danish Agroindustries are:

- to ensure a target oriented follow-up on market opportunities for agroindustrial projects and products,
- to ensure full utilisation and further development of Danish resources within the agroindustrial sector,
- to strengthen the Danish export of agricultural-, food-, and agroindustrial commodities.

Besides having a M.Sc Agriculture 1980 from KU Life, Gunnar has completed the following courses in business development and vocational training:

- Executive Training Programme - Right Kjaer & Kjerulf A/S, 2000
Gunnar works is fulltime employee of NIRAS.

Peter Møller Christensen, (M.Sc Horticulture), Lead Tutor – Mr. Møller-Christensen is currently a bio fuels investment analyst supporting project assessments for capital funds venturing into Africa and Asia. He is specialised in business planning, due diligence and feasibility studies and analyses for small, large and medium scale enterprises in the sectors of natural resources and agriculture. He has worked for more than 15 years within development and natural resources in Africa as well as Asia.

This involves economic, social and environmental sustainability analysis with crop based industrial based projects. He has been an instructor on 4 other courses for Danida Fellowship Center.

Peter is a fulltime employee of NIRAS.

Jane Bech Larsen (M.Sc, Agricultural Development), Group Work Facilitator (M Sc). Through various positions at the Faculty of Life Sciences (the former Danish Agricultural University (KVL) of Copenhagen University Jane has predominately worked with case based learning and case based course management; group facilitation and report writing (including formulation of problem based hypothesis, learning objectives, information search); and internet based teaching and lastly action based research. She has organised introductions courses for overseas/foreign students including Danida Fellowship Master Students. This spring she has, together with Henrik Borgtoft, been engaged in DFC’s course on Environmental Mainstreaming as Case Based Learning Facilitator. In her work in Vietnam she has gained experience in working with various stakeholders such as government institutions; international and local NGOs as well as Danida advisors.

Jane is a fulltime employee of NIRAS

External Speakers:

Kostas Karantininis: Professor of The Economics of Agri-Food Supply Chains & Cooperatives, Institute of Food Economics (FØI), Faculty of LIFE Sciences, University of Copenhagen: General Introduction to the subject of Agribusiness Development

Sven Hindkjær: Agricultural Economist (NIRAS): Experiences on NIRAS Agribusiness Projects

Vagn Rasmussen: Senior Consultant (Development Associates): credit programmes (design/training) for small and micro enterprises, co-operative banks and other institutions delivering rural financial services

Christian Friis Bach: Dan Church Aid, Participated in WTO trade negotiations as NGO representative, has written books and papers on the issue of agricultural trade and developing countries

Carsten Kudahl: Senior Advisor (part-time), Danish Standards (DS): Experienced in international standardisations, certification and international trade framework

Sven Jensen: Solhjulet (http://www.solhjulet.dk/default.asp) Production and export of Organic Vegetables from Uganda to DK

Jørn Fredensgaard: Chief Consultant v. Export Credit Fonden; Experienced in creating mechanisms for investment promotion and start up businesses and public-private cooperation
Excursions:
- Øllinggaard (http://www.oellingegaard.dk): Visit a ‘small’ scale agricultural (dairy) production, to learn how a farm grew into a business
- Landbrugsraadet: Meet representatives from the various interest organisations supporting the agricultural sector in Denmark including agribusinesses
- Danida – Representatives from the B2B Office:
- Max Havelaar with visit to Tom Chokolade Fabrikker, who are involved in Fair Trade Activities

Case Based Group Work:
“Chicken Production in an African Country, setting up a chicken producing factory”
(Note: This is a real private project that has been going on for the last 7 years and is well known to the course facilitator)

Objective of the Project
There is a high demand of good quality chickens (both broilers and layers) in the country. The hatcheries available are unable to produce enough chickens and the quality of chicks is too poor. This has resulted in a large scale importation of day old chicks (DOCs) from various countries in Europe, Brazil and South Africa. With the help of Danida a Danish company has identified a local partner. After a study visit the Danida B2B-programme has approved the start up of a Feasibility Study describing the establishment of a medium scale and well managed hatchery, which will be able to produce high quality DOCS for the local farmers and maybe even for farmers in the neighbouring countries.

The participants will now be asked in groups to look at either:
- Outlining a Feasibility Study for this production opportunity
- Prepare a Business Plan
- Consider credit opportunities/financing opportunities..
- Consider environmental concerns/issues
- Review legal aspect, policy environment
- General constraints and opportunities from own experiences

Course Venue
The course is expected to be held at Valby Kulturhus, Valgårdsvej 4-8, 2500 Valby. It is less than 5 min walk from Hotel Rossini. Valby Kulturhus is one of the largest Cultural Houses in Copenhagen with more than 250,000 visitors every year and host a variety of cultural activities. It has its own café which is open all day. However, some of the plenary sessions will be held at NIRAS domicile in Orestaden, the transportation will then be with S-train via Noerreport train station Metro.