Business & Economic Development

Agriculture Sector Report

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AccountAbility
institute of social and ethical accountability

BSR
Business for Social Responsibility

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AccountAbility is an international, not-for-profit, professional institute dedicated to the promotion of social, ethical and overall organisational accountability, a precondition for achieving sustainable development. AccountAbility is dedicated to promoting accountability for sustainable development by:

- Creating a credible assurance standard and underlying accountability framework
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- Advocating an enabling public policy environment for organisational accountability
- Developing innovative 'ideas-for-action' through research and practice.

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Since 1992, Business for Social Responsibility (BSR) has helped companies of all sizes and sectors achieve business objectives and efficiencies in ways that respect ethical values, people, communities, and the environment. A leading global business partner, BSR provides tools, training, advisory services and collaborative opportunities in person, in print and online that equip companies to make socially responsible business practices an integral part of business operations and strategies. Today, BSR member companies have nearly $2 trillion in combined annual revenues and employ more than six million workers around the world.

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Brody Weiser Burns specializes in developing corporate community partnerships that create business value and improve the lives of low-income individuals. It provides strategic planning, stakeholder engagement, and program design for corporations, foundations, and leading nonprofit organizations.

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Introduction to the Business and Economic Development Project

Cross-Sector Learnings

This overview is one of the products of a research program conducted by AccountAbility and BSR, assisted by Brody Wiser Burns. The core aim of the study is to normalize the management of economic impact as a regular aspect of business performance and outcomes. To this end, the project seeks to:

- Deepen the understanding of how companies are responding, and can further respond, to the growing challenge for them to improve their economic impacts.
- Identify and develop business strategies and public policies within specific industries that are likely to enhance the effective role of business in improving their economic impact.

What is Economic Impact?

'Economics' refers to the production, distribution and consumption of wealth in society.

'Economic impact' is defined as any increase or decrease in the productive potential of the economy. Economic impact extends beyond the boundaries of any single organization and is linked to both the environmental and social elements of sustainable development. By understanding economic impact, we seek to understand how a company adds value to society.

In this report, we distinguish between "direct" and "indirect" impacts. Direct impacts are the immediate economic affects of a company's financial transactions. Examples include the economic benefits that are created through the payment of wages and taxes. Indirect impacts are the economic effects that are created through a company's operations or through provision of goods and services. So, for example, while having a direct impact as they create jobs, pharmaceutical companies have an indirect economic impact through the provision of drugs, which help improve the health status of the residents of a country. This improvement in health status is both an end in itself, and also has a significant and positive impact on the economy of the country.

Why is economic impact important for business to understand and deliver?

Business needs to understand and deliver on its economic impact because this is a crucial pathway through which business can create benefits (or harm) for its communities. Understanding and improving economic impact also can help business address key issues:

- Acquiring a license to operate
- Mitigating reputational and operational risk
- Developing new products and improving sales revenue

If companies understand and account for their economic impact, this can provide a new platform from which to inform and engage stakeholders on the broader debate on the role of the sector in society. It can help articulate what companies can and can't do, and where the will and resources of other players, such as governments or NGOs is needed for constructive steps to be taken to address macro-socioeconomic issues.

Lessons Learned Across Sectors

This project looked in depth at four industry sectors: financial services, pharmaceuticals, agriculture, and extractives. This overview of the report provides the lessons learned across the four sectors. The remainder of this particular report looks in depth at the lessons learned in one sector — **agriculture industry.**

The key lessons about the economic impact of companies across the sectors explored in this project include:

1. The Type of Engagement with Communities Matters. A company's indirect economic impacts on disadvantaged communities can be as great, or greater, than its direct economic impacts. For both the financial services and pharmaceutical sector, our research found that the indirect economic effects, particularly the effects that arise from access to the products and services of the sector, tended to generate the most significant economic impacts. These impacts tended to far outweigh the impacts created by the sector's employment, its plant and office locations, and it's purchasing. The reverse was true for the agricultural sector. For agriculture, employment and purchasing by corporations tended to generate more significant economic impacts on low-income communities than the provision of products.

Our research has led us to develop the following thesis: The nature of engagement with low-income communities shapes whether a corporation's direct or indirect economic impacts will be more important. If a company engages with a low-income community primarily because of its labor (as in agriculture or manufacturing), direct economic impacts will be more important. If a company engages with a low-income community primarily as a market for its goods and services, indirect economic impacts will be more important. Finally, if a company engages with a low-income community primarily for its natural resources, direct impacts (such as the payment of wages) will predominate initially. In these cases, over time, indirect impacts, especially those relating to environmental effects, will become more important.

2. Infrastructure Greatly Impacts Company Contributions to Development. The scale of a company's indirect economic impacts is frequently driven by the actions of organizations outside the company's control. A company has significant control over much of its direct economic impact. It has control over which it hires, where it locates its plants, and from whom it purchases. This is much less true with regard to its indirect impacts. This can be seen most easily in the pharmaceutical sector, where whether or not drugs are available at affordable prices is just one piece in a large puzzle. If drugs are available, but there are no doctors or clinics, and the public is largely uneducated or ill informed, there will be relatively little impact to providing affordable drugs. Conversely, if all these elements are in place, there will be a significant and positive impact from providing affordable drugs. Similarly, in the financial sector, simply providing credit to individuals who do not have access to markets, management talent, sound regulation and a viable court system, usually does not enable them to build viable businesses. These elements have to be in place before lending typically has a significant positive indirect economic impact.

This creates particularly difficult challenges for companies that are working in countries which are doing a poor job of creating the enabling infrastructure that will allow a company's products and services to create significant positive economic impact. This may be due to corruption, or a lack of ability, or simply to alternative priorities. In these cases, our research shows that there are a number of viable strategies open to companies. These include joining an industry coalition (such as Fair Trade), working with UN or multilateral organizations (such as Extractive Industries Transparency Initiative), or working with government agencies (such as Merck's Botswana Initiative). Companies also need codes of conduct clarifying how they will engage with governments, and under what terms.

3. Partnerships with Others Greatly Amplify Company Contributions to Economic Development. Partnerships and coalitions are often elements of strategies that create significant indirect economic impact on disadvantaged communities. The most successful examples in our case studies—the examples where companies were creating positive indirect economic impacts that were affecting thousands of people and creating millions of dollars of value—were primarily done with partners or in coalitions. Having a significant economic impact almost always involved creating changes in the enabling environment, which had to be done in partnership or in coalition.

While partnerships are valuable and important, it also was clear in many cases that most of the thought and energy was going into making the partnership effective rather than making it accountable. Why is accountability particularly important in the creation of indirect economic impact? Because this type of impact is often a "public good" or a "merit good." The benefits are often spread out among community members whether or not they have a relationship with the company, and whether or not they have paid for the benefit. Public and merit goods have particular sensitivities that require greater consideration than is often given with an eye towards:

1) Equity – who gets the goods, and (more importantly) who doesn't?
2) Fairness – who pays how much and when?
3) Quality – who decides what the right level of quality is?

To ensure that they are addressing these sensitive issues well, our research suggests that companies need to build in accountability processes that engage the legitimate representatives of the community.

4. Engaging Governments is Often the Critical Missing Link for Successful Impact. Corporate engagement with governments and public policy can be an important way in which companies create indirect economic impacts, both positive and negative, for low-income communities. In each of the sectors studied, we found that the ways in which companies engaged with governments—as regulators, funders, and lawmakers—often had profound effects on low-income communities. In addition, companies often appeared to shape their strategies for engaging with governments in ways that often did not take into account these impacts.

A first step in addressing this issue would be the development of greater transparency about corporate engagement with governments and a company's influence over public policy. What is the sum of a company's dealings with government? What are the company's public policy objectives? And, most importantly here, what are the likely impacts on low-income communities?

Our research suggests that there can be sharp differences between the interests of national governments, local governments, and low-income communities. Simply engaging with national governments in a way that creates economic benefit for the country, as a whole does not imply that those benefits will trickle down to the poor.

5. There is No Silver Bullet: Creating Value for Communities is Driven by Context.
A consensus has not yet emerged over how to understand and implement strategies that create significant improvements in indirect economic impact on disadvantaged communities. There were considerable differences from case study to case study about what the businesses counted as economic impact, what they saw as their role, the strategy that they were pursuing, and what relationship these activities had to their core business operations. For some (like the case studies of companies located in Palestine), the key way to create economic impact was simply by being in business in their communities. For others, like some of the pharmaceutical companies, creating economic impact on disadvantaged communities was a by-product of trying to meet societal expectations. For yet others, like some of the companies in the agricultural sector, creating economic impact was part of creating a new market and trying to reach new customers. These are dramatically different but context-driven views on the realities and rationales that drive strategy for creating economic impact.

6. Businesses Fail to Account for Their Complete Economic Impacts. Very few companies are tracking or reporting either quantitative or qualitative measures of their indirect economic impacts on disadvantaged communities. Some companies report on quantitative measures of their direct impact, such as jobs created, salaries paid, and taxes paid. Some report qualitative measures of their indirect impact—programs they have created, opportunities that they helped support, etc. For many, it's because it is too complex to determine or staff resources and expertise. For others, it's because they don't see it as their responsibility. And in some cases, it may be counterproductive, as the agriculture report suggests. Without a consensus view on what business responsibilities are for creating economic impact, it is difficult for businesses to see a clear and consistent rationale for spending time and energy collecting, analyzing, and reporting data on economic impact.

7. Models and Guidance Are Needed to Equip Business to Better Identify and Account for the Type of Impacts It Can Have. The most relevant next step is to develop industry consensus on models and frameworks for understanding, building, and accounting for indirect economic impact. Given the lack of consensus over what counts as impact, how to create that impact, and what the business role is in creating that impact, it is not appropriate to work on the development of metrics. It is an especially important first step to develop models and frameworks for understanding indirect economic impact. Once this has been attained, it will then be possible to start work on developing disclosure practices that fit the models and help us understand progress.

Our research suggests that the development of consensus can best occur industry by industry. What counts as impact, how to create it, and what the business role in creating it is, varies so significantly by industry sector that it will not be possible to develop a "one size fits all" framework.

In each industry sector, a range of stakeholders, including large companies, small companies, civil society organizations, government agencies, and community representatives, will need to develop a consensus on what the key areas are for social, environmental and economic impact. Once this is done, they can then work to develop analysis and insight on the strategies for addressing economic impact in these areas. What are the key risks and opportunities of improving (or not improving) economic performance in these areas? What are appropriate and achievable goals? Once this work is completed, it will be possible to develop methods for corporate accountability for economic impact.

Summary

In summary, our research shows that improving economic impact is a critically important way for businesses to create benefits for the communities with which they interact. And yet, the process of managing and accounting for economic impact is still in a formative stage. Businesses, civil society organizations and governments need to come together to develop a better understanding of the key pathways through which specific industries can create positive economic impact. This will enable the development of robust framework for economic impact. Business will be better able to identify and manage their economic impact, improving their reputations, license to operate, and revenues, while at the same time creating positive benefits for communities.

Economic Impacts of Agriculture in Developing Countries

An Overview and Thoughts on Normalizing Economic Impact Into CSR Management Practice

In This Paper

- Defining economic impact
- The economic impacts of agriculture–an overview
- Different impacts of different commodities
- How agriculture companies think about and manage economic impact
- Normalizing economic impact in corporate management–future directions

Corporate Responsibility and Economic Impact

CSR helps companies manage their relationships with wider society. Typically this has meant addressing the social and environmental dimensions of companies' operations. What has tended to be overlooked is the economic impact companies have and thus the economic added value they can create.

Our Phase 1 report predicted that over the next five to ten years, economic impact will become the litmus test for how society judges multinational companies, with the public scrutinizing where corporations site their facilities and how they source their goods and services. Why? Because economic choices result in social and environmental outcomes and because the corporate sector is viewed as the key driver of economic development in a global economy.

Businesses are already under tremendous pressure to meet high standards for the social and environmental impacts of their work. But the business community and policymakers are increasingly realizing that the economic impact on poor and disadvantaged communities leads, in turn, to social and environmental effects.

This project is designed to enhance the profile and ability of companies to manage their economic impacts. The current phase of the project has the specific aim of helping managers begin to normalize the management of economic impacts into their managerial practices. Two important steps towards that goal are a) to help companies understand the often complex nature of their impacts, and b) to examine if and how economic considerations are already being factored into CSR strategies.

Specific impacts differ from industry to industry, and for that reason we are producing a number of sectoral reports. This report focuses on the food and agriculture industry, traditionally one of the most important for developing countries. It captures the diverse nature of agriculture's economic impact without downplaying the often complicated relationship between the industry and economic development. It does so first by providing an overview of the agriculture industry, broken into different functions and linked by a variety of supply chains that present specific challenges for managing the economic impacts of the agriculture industry. It then summarizes the known impacts of the industry from the perspective of developing countries, drawing on the large body of social, economic and environmental research that has informed private and public sector policies since World War II. It goes on to look at how companies through their CSR policies and practices are managing and communicating their economic impacts, assessing the strengths and weaknesses of current activities. This analysis is a prelude to exploring if and how companies should pay more attention to their economic impacts and their contribution to economic development in developing nations.

Further information is available from the project Web site at www.economicfootprint.org.

Distinguishing Economic Impact From Financial Performance

From the outset, the premise of this project was that the traditional notion that financial performance equates to economic performance is inaccurate. The terms "economic" and "financial" simply do not mean the same thing. Financial refers to the market valuation of a company's transactions. In contrast, economic refers to activities beyond the boundaries of a single organization, taking into account social and environmental activities, and ultimately, outcomes for stakeholders at large.

Yet the economic element of sustainable development has generally been taken to be synonymous with financial performance. Furthermore, in many languages the two terms are translated the same way. Financial measures can capture elements of economic performance in principle. For example, in theory if the actual financial price of all goods and services were equivalent to their "full economic" price through the incorporation of all social and environmental costs and benefits, then financial measures would be an indication of the implication for sustainable development of producing, selling and consuming the priced good or service.

In their *Dictionary of Economics,* Bannock et al. define the financial as the provision of money when and where required. In contrast, the economic refers to the production, distribution, and consumption of wealth in human society. The Global Reporting Initiative's Sustainability Reporting Guidelines state that the economic dimension of sustainability refers to an organization's impacts on the economic circumstances of its stakeholders and on economic systems at the local, national, and global levels. According to GRI, economic impacts can be divided into direct and indirect impacts, and can be positive or negative: "Broadly speaking, economic performance encompasses all aspects of the organization's economic interactions, including the traditional measures used in financial accounting and the intangible assets that do not systematically appear in financial statements."

The financial accounts of a company in their current form miss much of what is important in economic terms. There are, however, cases that illustrate the innovative use of financial data. SABMiller for example, reports on distribution of the financial value it creates across its different stakeholders, highlighting the outcomes arising through the economic pathway. However, this report shows that imaginative use of conventional definitions of the financial will not help companies navigate the complex dimensions of their economic impacts.

Agriculture and Economic Develpment

> "…business cannot remain aloof from the issues in a world in which 12% of the population owns 86% of the wealth and consume 88% of its resources…"
>
> *Thierry van Santen, President, Federation of European Risk Management Associations*

Agriculture is one of the most important sectors in national economic development. At the national level, food security and consumption are headline indicators of human well-being, and some economists regard growth in agricultural productivity and incomes as indicators that developing countries are building the conditions for sustainable economic growth.

In this sense, agriculture is an important step on the road to industrialization, and agribusiness is often a bellwether of industrial transformation. But even in economies further along the industrialization path agriculture can still be a significant employer even when the sector comprises a declining percentage of GDP. Some argue that this is especially significant because agribusiness creates jobs for the rural poor and a market for the produce of the poor who otherwise may not benefit from industrialization.

However, such claims can prove misleading, especially if agribusiness is regarded as synonymous with the activities of multinational companies. For instance, small growers of crops such as fruit, vegetables, tree crops and flowers can find themselves forced out of export markets (and even domestic ones) by regulations relating to food safety, narcotics and intellectual property rights. Where small growers are able to compete with plantations or commercial farms (e.g. cocoa, coffee, tea), the land-holder may be relatively wealthy and it is sharecroppers and laborers who are the real poor. Indeed, in some cases commercialization of agriculture has worsened the plight of the poor by, for instance, depriving them of land rights and reducing the amount of land, time or financial capital available for subsistence farming.

This is not to deny the important contribution agriculture has to make towards economic development, but it should caution us against thinking about that contribution solely in terms of macro-level economic indicators. There is a wealth of research showing the inequitable consequences of agricultural growth, not least amongst women, indigenous people and poor households. It is a dangerous error to regard those engaged in agriculture as homogenous or to attempt to capture the true nature of economic impact solely through the possibly distorting lens of conventional aggregated economic data and indicators. It is equally problematic to regard agriculture itself as all the same. Different crops present different opportunities, have different production systems, and make different demands on the host environment. For example, the tomato from Mexico that is sold in a Canadian supermarket is grown on commercial farms with links to local nurseries, packhouses, canneries and animal feed plants. In contrast, cocoa beans from Ghana are grown by thousands of small farmers and once dried are exported for processing overseas.

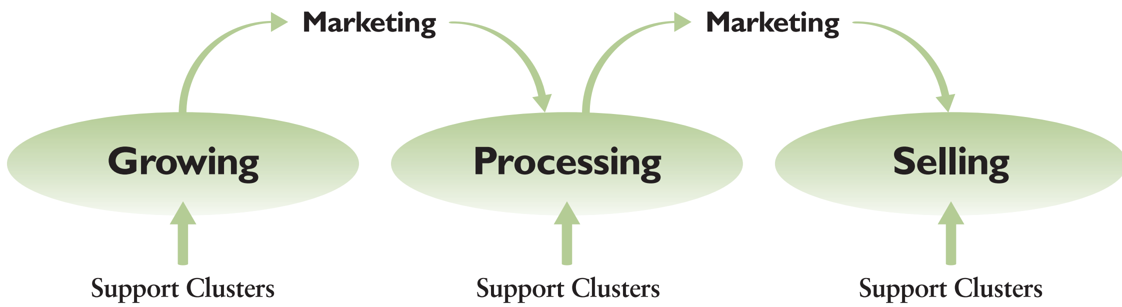
In order to help company managers begin to understand and manage their economic impacts, it is important to capture the diverse nature of agriculture's economic effects. The complexity is such that probably no company can hope to manage everything, but at least by understanding the range of impacts, managers can make an informed choice about what they wish to take responsibility for and what they do not. A first step in this is to look at supply chains and how they vary from commodity to commodity.

Agriculture Supply Chains

The agriculture supply chain varies in form and complexity depending on the primary commodity under consideration and how it is produced, marketed, processed and consumed. Agriculture supply chains range from the relatively simple where a product is grown, sold and consumed, to the complex where in different forms an item has already been traded and processed multiple times before it is eaten. The complexity of the chain affects who it impacts and where. Similarly, the commodity produced affects who is involved and how a favorable economic outcome is construed. For example, the smallholders who dominate cocoa production have different expectations of the supply chain than workers on a commercial pineapple farm. Understanding the different chains is important because a) it helps to identify the communities of interest with their frequently different perspectives of economic impact, and b) it shows the degrees of integration and fragmentation that play a significant role in determining where a company can exert leverage over the economic impact of others.

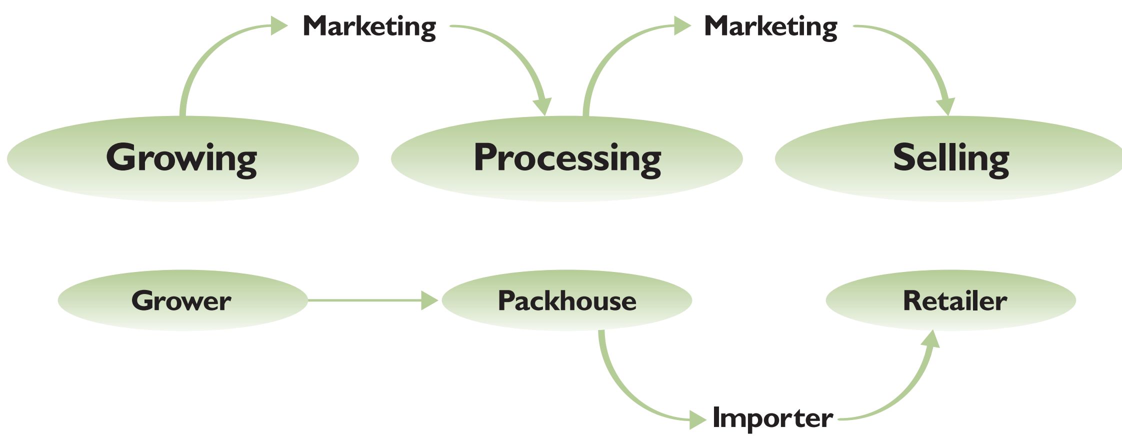
Broadly speaking, there are three elements to the chain of any commodity: growing, processing and selling. Each of these is linked by marketing activities, and each is served by support industries such as seed supply, transportation, warehousing, advertising and product development (Figure 1). The supply chain for fresh fruit and vegetables is amongst the most straightforward, reflecting the emphasis placed on speed and quality assurance over price. At its simplest, the

Figure 1
Agriculture Supply Chain Model



product moves from the grower to the packhouse (often part of the same company) where it is packed and shipped to an importer sometimes known as the primary marketing organization or contract manager which is responsible for delivering the product to the retailer (Figure 2). At this level, some of the key areas of economic impact will be amongst farm workers, packhouse laborers and communities neighboring the farms and packing sheds.

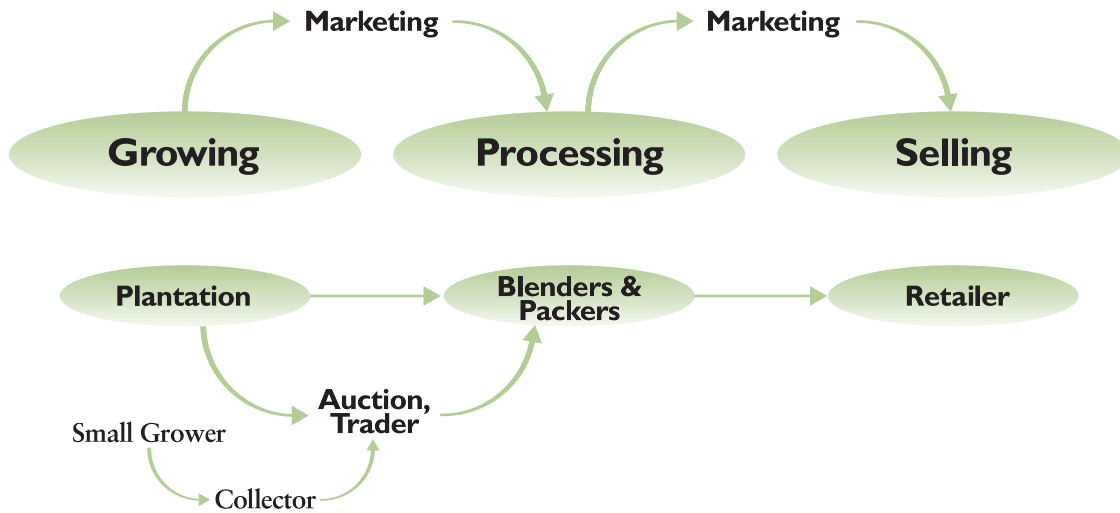
Figure 2
Horticulture Supply Chain Model



The product's end use can add to the chain's complexity. For instance, there may be facilities for minimal processing (e.g. production of fresh salads for retailers), or different quality produce may be sent to different markets (e.g. the sale of different quality tomatoes from the packhouse to overseas retailers, animal feed plants, canneries and the domestic market). The range of marketing outlets and the types of processing both affect economic impact, and as we shall discuss later present particular challenges for CSR.

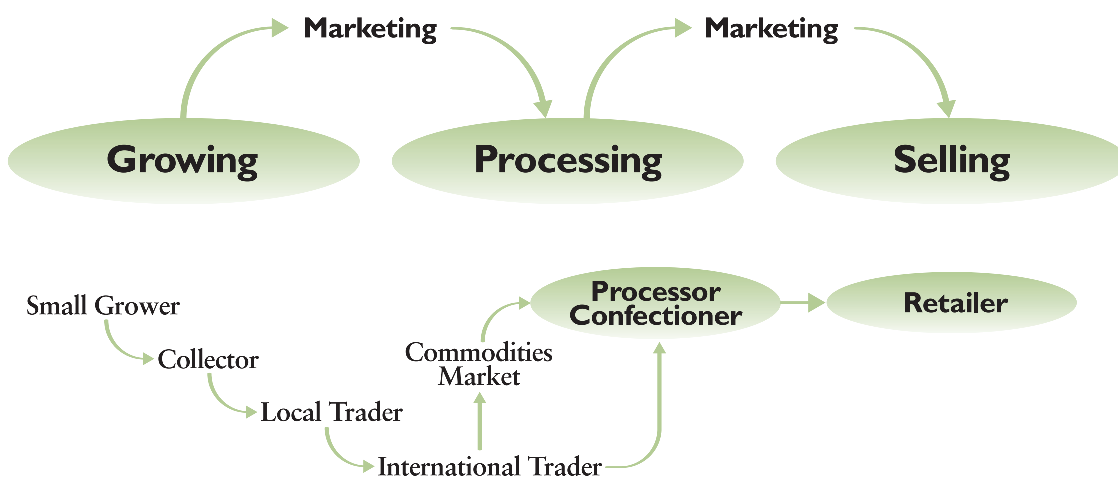
Tea has a more complex supply chain than horticulture (Figure 3), a consequence of the more diverse range of growers and parallel marketing channels. Yet this is still simpler than the cocoa

Figure 3
Tea Supply Chain Model



chain (Figure 4) where the large number of small growers, low product perishability and lack of importance attached to product provenance makes for a diverse and splintered trading system. These elongated chains (also typical of coffee and some medicinal plants) are widely held to have an impact on farm-gate prices. Although opinions differ about whether growers benefit or suffer as a result, the multinational companies looked to as leaders in CSR are least able to exert influence over economic impacts when they are separated from growers, workers and local processors by tiers of traders/-vendors, some of whom are major companies in their own right.

Figure 4
Cocoa Supply Chain Model



However, chain length is only one determinant of how much influence a company has over others in the supply chain. For example, palm oil is not suited to a lengthy trading process, but as with crops such as cotton, wheat and soy, product provenance is unimportant (unless transgenic planting material is used), and manufacturers from margarine to cosmetics have traditionally not had to know about the conditions of production. In contrast, where food safety is a major concern or there are other motivations for strong chains of custody (e.g. organic produce), then companies may already have invested in 'farm to fork' traceability systems.

A key assumption in much of CSR is that multinational brands and major retailers can significantly influence the behavior of those in their supply chains. Given the features of agriculture outlined above, such companies are most likely to have influence over others where supply chains exhibit the following:

- Short value chain – e.g. fresh fruit and vegetables
- Integrated chains (i.e. elements of growing, processing and marketing operations owned by the same company) – e.g. tea plantations owned by tea brands; joint ventures in commercial farms; banana plantations
- Small number of retailers account for large proportion of sales – e.g. fresh produce
- Companies have pre-existing business or legal reasons for working closely with traders and growers – e.g. premium coffees and wines
- Buyers have long-term agreements with traders – e.g. the system of contract managers used in multiple retailing and broadline distribution.
- Traders have long-term relationships and possibly investments in growers – e.g. livestock facilities, packhouses

Such companies exert least influence where supply chains exhibit the following:

- Long supply chain – e.g. smallholder cocoa
- Dispersed supply base – e.g. smallholder tea and coffee
- Retailing outlets more diverse – e.g. confectionery products
- 'At-risk' commodity is only one ingredient of end product – e.g. vegetable oils, cotton, grains
- Product provenance of limited importance – e.g. soy, oil palm, canned vegetables
- Short-term relationships between traders and low degree of trust – e.g. cocoa, oil seed

Impact and Agriculture

Agriculture is of major importance to nearly all nations. Every country needs a secure supply of food, and consumption of added value foodstuffs is an indicator of national economic prosperity. Moreover, despite even fresh produce being traded across continents, nearly all countries except city states encourage domestic agriculture production through ways such as subsidy, zoning and conservation. Therefore, when we consider economic impact in agriculture we are not just talking about one more commodity best governed by market forces: we are dealing with a human activity that has social, cultural, political and psychological as well as economic dimensions. We are not only addressing the incomes people earn from the cultivation of things, but the access to resources such as land and social capital that often define the meaning of prosperity.

The 2003 BSR-AccountAbility report "Business and Economic Development", which established the framework for the various industry studies, separated out various business-society interfaces where business has an economic impact (Figure 5), and highlighted the role geographical and industry differences can play in defining positive outcomes. The agriculture sector shows the need to go further than this. Any attempt to understand economic development and agriculture will fail if it takes a narrow, neo-classically rooted view of economic impact, and focuses primarily on wages, revenues, financial capital, the value of bought goods/services, etc. History is littered with the consequences of this error, from colonial India through structural adjustment in Africa,[1] consequences that range from lost jobs and changes in livelihoods, to poverty and marginalization, to unrest and civil war.

Figure 5
Areas of Economic Impact Identified in Phase 1

Facilities siting and management ■ Real Estate	■ Where it locates its facilities? ■ What it locates there? ■ How it locates its facilities?
Employment	■ Whom it hires? ■ How it develops them?
Product and service development, use and delivery ■ R & D ■ Business units	■ Accessible to whom?; what it sells? ■ How it manufactures?; where stores are located? ■ How it sources?; how it delivers? ■ Who its vendors are?; where it buys from?
Sourcing and procurement	■ How it sources services? ■ Who its vendors are? ■ Where it buys from?
Financial investments and fiscal contributions ■ Finance department ■ Treasury	■ Where it borrows money? ■ Where it invests?
Philanthropy and community investment ■ Giving ■ Volunteerism ■ Social capital & partnership	■ Who it gives money to? ■ Who and what it influences? ■ What resources it offers?

Therefore, in order to understand agriculture's impact on economic development as it is recognized by people in developing economies, we need a more nuanced approach that, in addition to considering aspects such as job creation, wages, prices, training and investments in the community, includes the following lessons from the wealth of information about agriculture in those countries.

Different meanings of impact: Financial remuneration is an inadequate measure of economic impact, even if we try to attach a monetary value to non-financial rewards such as training or time spent on domestic activities. The Sustainable Livelihood Framework[2] is a tool that highlights how people need different combinations of human capital, social capital, physical capital, financial capital and natural resource capital, and rather than 'putting all their eggs in one basket' seek to accumulate stocks of assets, increasing their capital base over time. Therefore, the opportunity to increase one's human capital through education or preserve one's access to natural resources may under certain circumstances be a more important economic impact than adequate wages.

Who benefits: An important aspect of economic well-being in many countries is social capital, i.e. the social networks and other relationships which people draw upon in pursuit of their livelihood objectives. An economic impact that erodes social capital may be seen as negative even if it builds other assets. What is more, the society may not prioritize individual over communal benefit, so that an impact that advantages one person but at a cost to others may not be regarded positively. And even if people proclaim that an outcome is positive, we need to be aware that people who suffer may not be able to speak out as the experience of women in male-dominated societies has shown.

Opportunities won and lost: Impact also needs to be considered in terms of opportunities foregone as well as those created. In poor and otherwise vulnerable communities, diversity of opportunity can be more valuable than dependence on a single means of livelihood, with the result that full-time employment or the loss of other income sources may have a negative impact overall. Equally, as sustainability theory makes clear, opportunities for one generation should not be at the expense of future generations.

The purpose of this paper is to help companies understand and manage their economic impacts, and many will argue that the kinds of impact described above are beyond what a company can realistically address. In many ways, making plain the limits of what business is willing or competent to address is as important as any aspect of the business-economic development relationship. Moreover, a comprehensive discussion about the economic impact of business should not be restricted to what business does or thinks it can do: it should equally include what the intended beneficiaries consider to be a positive contribution to their well-being.

It is the perspective of those beneficiaries that is the starting point for this paper. Their views present particular challenges for CSR. What they regard as positive may not be readily measurable, it may contradict so-called universal ideas of economic or human rights, and it may be something that can only be properly understood in a distant location or at a future time. Likewise, it is difficult to understand these intended beneficiaries through mono-dimensional devices such as stakeholder theory which recognize aspects of difference but offer little insight into conflict, power and justice. We raise these challenges now, not because we have immediate solutions, but because to ignore them could lead people to underestimate the complexities of tackling the economic impacts of agriculture through CSR. The adage that for every complex problem there is a simple solution that is simply wrong was never more true than here. The following sections are an invitation to think about what economic impact means for agriculture's myriad communities of interest, and how the agriculture industry can best manage its impact on those communities as part of its CSR practices.

Economic Development Impacts

Macro-level Impacts

Economic impact tends to be analyzed at two separate levels, the macro and the micro. Macro-level indicators are widely used by economists and underpin many national and regional agricultural policies. Studies of economic impact at this level have shown not only that agriculture contributes significantly to national economies in poor countries, but that even in industrializing economies, agriculture remains important for poor people. In most developing countries, the majority of the poor depend on agriculture, and increases in agriculture income are an important indicator that economic growth is benefiting the poor. Even in fast growing economies such as China, growth in incomes from agriculture was evident before industrial growth.

Pro-poor impact: The importance of agriculture as a force for economic growth amongst poor people tended to be lost in economic policy-making during the 1980s and 1990s when sectors such as manufacturing grew faster and surpassed agriculture in many emerging economies. Now, there is wider recognition that not all economic growth is 'pro-poor' growth. Agri-business can play a significant role in more inclusive growth by providing a market for the poor's produce, by promoting greater productivity, and by making food and other agricultural produce available to the poor. Given the high proportion of poor people's income spent on food, anything that affects price and availability is likely to have an economic impact on their lives.

Subsidy: Agriculture's economic importance can be readily translated into political muscle, and whether at local, national or international levels, the most powerful actors in agriculture have been criticized for the negative consequences of their lobbying and market dominance. European, Japanese and US agribusiness companies, for example, have been criticized over their lobbying for subsidies and protectionism that can restrict developing countries' access to Northern markets or undermine Southern producers through dumping and other market-distorting practices. For many years, developed economies (influenced in part by their food and agriculture industries) were highly protectionist, although this is gradually being addressed through the World Trade Organisation and bilateral trade agreements.

Trade and foreign direct investment: Perceptions of agri-business as a generator of economic growth or a hindrance are both rooted in the belief that business's greatest impact is through trade. This is the underlying assumption of many of the economic policies linked to globalization. However, we should not ignore the importance of foreign direct investment (FDI), and the possibility that it is access to new sources of financial capital rather than global trade that is stimulating agricultural growth in developing countries. For example, increased FDI has led to major changes in food retailing and distribution in developing countries such as South Africa, Brazil and Kenya. As we will discuss later, these changes have an economic impact in terms of who has access to what markets and under what terms.

Impacts Related to Different Business-Society Relationships

Macro-level indicators are limited to income measures of wealth/poverty, and several decades of international development experience have shown that these measures tell only part of the story about people's well-being. Therefore, to understand the economic impact of agriculture, we need to look also at impacts at the micro-level.

As identified in Phase 1 of this project, one of the factors affecting a company's economic impact is the particular aspect of business activity being managed. For instance, the issues that arise from siting a facility are different than those relating to the operation of that facility. In this section we examine the six types of business-society interface identified in Phase 1 (Figure 5). However, insofar as CSR remains primarily the concern of large multinational/international companies, the main entry point for managing and influencing economic impact is the area of sourcing and procurement where a growing number of such companies are using their position as market-brokers to the growing number of supermarkets in the South and especially more lucrative markets of the West to affect the behavior of their suppliers.

Sourcing and Procurement

Because agriculture supply chains are not normally vertically integrated in the conventional sense (cf. financial services, computer chips), sourcing policies are a critical way that large companies (the primary adopters of CSR) influence economic development. Sourcing policies can embrace any of the relationship areas discussed below (e.g. employment, product development), and an important change in parts of the agriculture industry has been the introduction of social codes of practice. The use of codes of labor practice which major brands and retailers are requiring of their suppliers represents a major shift in responsibility: the acceptance of responsibility on the part of market-brokers (e.g. Western retailers and brand-owners) for employment practices of other elements in their supply chains. However, this use of market strength is only one aspect of sourcing and economic impact.

Source selection: Decisions about where to source from have a major economic impact, especially for crops where the supply base is being narrowed because of quality and safety considerations (e.g. horticulture). To an extent, the choice of location is determined by the requirements of the crop, but beyond that buyers can decide which countries, which localities and even which growers to source from, favoring for instance small producers, women-owned operations and other disadvantaged groups.

Aside from cultivation, companies can decide to support processing in particular locations or from selected groups. Some crops such as oil palm need to be processed locally for quality reasons, but historically there has been a reluctance to encourage local processing of less perishable crops, reducing the opportunity for developing countries to capture additional value-added. This is generally attributed to a lack of skills, infrastructure, support industries and investment, and there are numerous examples of failed processing industries in developing countries such as cocoa processing in Brazil. However, the global horticulture industry has seen a growth in the amount of processing done in developing countries, and well-established processing operations serving domestic markets are starting to export.

Fostering organizations and clusters: Sourcing policies can favor certain types of supplier or supplier organization that are held to have positive economic benefits. For instance, international development organizations have sponsored the creation of female producers and growers from disadvantaged communities such as AIDS victims. Similarly, some believe that sourcing from producer-run cooperatives brings particular economic benefits and allows small or poor producers become more competitive.

Sourcing decisions can act as a catalyst for establishing a cluster of relevant service companies ranging from transportation and storage to finance and consultancy, all supporting the growers and/or processors. Clusters can generate significant numbers of jobs and act as a further stimulant to local economic growth.

Trading relations: The price paid to suppliers is clearly a major part of the economic impact of sourcing, and sections of the agriculture industry have been criticized for paying prices less than the cost of production or encouraging systems where middle men exploit small growers. Many free trade advocates argue that low prices are a result of interference in markets that encourage misplaced investments and prevent growers from receiving a proper return on their investment. Nonetheless, governments and more recently alternative trading organizations have tried to introduce safety nets that guarantee a minimum price, and the international as well as domestic private sector is being encouraged to invest in inventory credit and similar systems that can smooth prices in the market, improve grower incomes and credit access, and reduce food losses.

There is a long, well-documented history of mistrust between growers and vendors revolving around issues such as price fixing, grading and weighing. In some cases, simple steps such as accurate scales or improved packing have had positive impacts in terms of financial and social capital. In other instances such as those involving major commodity traders, only lengthy legal action initiated by government agencies has stopped practices that have a negative economic impact on producers.

Fair prices and price stability are only one aspect of trading relations that might promote economic development. Access to market information is important so that farmers can decide when to sell and how to negotiate. Timely payment can prevent farmers seeking credit to cover operational costs, and longer-term contracts can help them develop more efficient, longer term investment strategies. There is also evidence another benefit from stable relationships with buyers is that growers gain access to national and international peer networks (resulting for instance in improved market access and productivity gains), and less quantifiably build up degrees of trust that reduce transaction costs.

Facilities Siting and Management

Just as purchasing companies have an economic impact through their decisions where to source from, so growers and processors have their most immediate impact through where they site their facilities. The choice of a rural or an urban site, the decision to put a facility in an area with an existing labor pool or one that will need migrant workers, will all have different economic impacts. Labor intensive facilities such as commercial farms and packhouses can stimulate a demand for housing, transport, public services and utilities, especially where a cluster of such companies evolve. However, such growth poles can put an overwhelming demand on local resources such as health care and schools, something that in turn may lead to workers and communities having expectations of the company as a social service provider.

An important first impact in many locations is the acquisition of land. Land purchases that are regarded as unjust are common in many developing countries. In addition to creating a legacy of bitterness that may last for generations, they can disrupt economic development by forcing local people out of traditional economic activities, creating cultures of dependency between communities and the company, discouraging productivity, and fomenting instability and corruption. In contrast, where land is acquired in ways that local communities regard as fair, this can have a positive effect by encouraging a sense of common interest and enabling the company to build strong social capital.

The decision to build a facility for growing and processing generates opportunities for construction and service providers, and companies make choices about how much such contracts will contribute to local economies. Therefore, in considering economic impacts we should be aware of the different implications of technologies where all parts and expertise are imported compared to those that have a greater local component or those where there is a clear strategy to increase local inputs over time.

Since colonial times, Asian and Latin American plantations or South Africa's commercial farms have largely been enclave economies reliant on imported labor, management and technological inputs, and despite changes in the character of commercial agriculture production it remains the case that economic impact needs to be assessed based on the type as well as the level of investment. Equally, a head count of the number of jobs to be created is only one indicator of economic impact, and sustainable economic development depends on the quality of jobs, the opportunities for upgrading skills, and the likelihood that the company will remain in the locality for a reasonable length of time.

Siting decisions are not unique to companies. National governments and the international development community have promoted the establishment of particular forms of agriculture ranging from the rapid expansion of smallholder cocoa and coffee production in Vietnam to small-scale dried fruit processing in Uganda. While companies typically make siting decisions based on financial considerations, government investments have a more explicit economic development goal. Often they are intended to increase the economic returns on what are seen as under-utilized resources (e.g. converting forests to farmland), take advantage of market opportunities (e.g. promoting high demand crops) or relieve the economic pressure on particular areas (e.g. through government-sponsored migration). Since the 1980s, the private sector has been encouraged to play a more active partnership role in such initiatives (e.g. by investing in smallholder-nucleus estates for rubber, cocoa and oil palm). However, these programs have produced mixed results as in the glut of Vietnamese cocoa that contributed to historically low world prices in the late 1990s and the ethnic violence provoked by transmigration of farmers in Indonesia. In such cases economic development is undermined and partner companies become the objects of criticism.

The final dimension under the heading of siting is what happens when a facility relocates or the market for a crop ends. Because agriculture has typically been studied as an opportunity, the consequences of its demise are less well understood. It is assumed that small and large growers are able to switch between annual crops fairly easily to take advantage of new opportunities. It is more difficult for perennial crop growers where there can be several years between planting and harvest. This is one reason slumps in coffee and cocoa prices have had a serious impact on economic development in parts of Central America and West Africa, and the survival strategies adopted by many farmers highlight the need to consider livelihood diversity as an aspect of sustainability. In Europe, North America and Japan heavy government subsidies have forestalled the demise of significant sections of agriculture, although this is less of an option in developing countries where insufficient tax revenues and anti-subsidy external pressures have resulted in the decline of uncompetitive agriculture and related industry.

Employment

Types of labor: Agriculture is an important employer in many developing countries where labor is less costly than mechanization. On-farm employment takes various forms, each with its own consequences for household and community economies. Permanent employment such as that found on plantations and commercial farms is probably less common in most regions than seasonal or casual work. For some, although not all, permanent employment is seen as more beneficial because in addition to regular incomes there is the possibility of formal benefits (e.g. health insurance, social security, paid vacation) and opportunity for training and promotion. Even amongst small farmers, permanent employment as caretakers or farm managers brings additional benefits in terms of farm-owner patronage and access to stronger social networks.

However, there are exceptions to this. For example, young people with their own land may seek casual employment as they build up their own farms, or female heads of household may favor part-time employment arrangements to accommodate their domestic responsibilities. Indeed, in some cases full-time on-farm employment may indicate lost opportunities either as own-account farmers or even in non-farm employment as happened when retrenched civil servants in Ghana returned to their villages in the 1990s.

In general, though, casual employment arrangements exist to benefit the grower. They provide small growers with the means of completing labor intensive tasks such as weeding and harvesting. They also allow commercial horticulture farmers to respond to the fluctuating demands of Western markets, and in some instances circumvent local laws designed to improve workers' incomes and security. There is considerable evidence that women in particular are more likely to be employed on a casual or seasonal basis, and therefore the impact of such practices needs to be understood in part from a gender perspective.

Non-financial remuneration: The above is not to imply that agriculture employment is always exploitative, only to highlight some of the difficulties in understanding its relationship to economic development. Even wages may not be an indicator of economic impact. Family labor, remunerated through access to land and rights to social capital as much as through money, remains important in many regions, and to an extent explains the expectations of a paternalistic relationship some workers have of commercial growers. For example, amongst Ghana's small pineapple growers employment on a neighbor's farm is a form of apprenticeship, a way of staking a claim to land, a source of income, and a way of obtaining food and shelter, and although wages are lower on such farms compared to nearby commercial farms, the combination of benefits is preferred by some local people.

Migrants: The unattractiveness of waged labor for some is one reason for the local labor shortages that have made migrant labor pools a feature of agriculture in many parts of the world. In certain high profile instances, growers have resorted to forced labor and this has had an impact on some major companies' reputations. However, most migrant workers come voluntarily to fill the demand for labor that cannot be met locally. The economic impact of such employment is probably most readily noticed in their home communities, and migrants may not benefit from advancements in the farming communities themselves. For instance, the squalid conditions of migrants farmers in Ghana is in part because they remit most of their earnings to their home villages.

Health and safety: Employment is only beneficial if certain basic conditions are guaranteed such as those often covered by national labor laws and increasingly by the voluntary codes of labor practice with which suppliers are meant to comply. Mechanization and agro-chemicals pose short and long-term risks to worker health and safety that without adequate risk prevention, medical facilities, insurance and training can have negative economic impacts at the household level. Long hours, especially during peak periods and often creating a demand for child labor, are a feature of agriculture that on the one hand provide opportunities to earn additional income, but on the other if excessive or too frequent can mean less jobs are created as well as putting over-worked employees at physical risk.

Human capital: Agriculture's contribution to human capital is largely work-related and may have little discrete economic impact. In farming communities, training is often an informal process that begins with children following parents to the fields. Formal training is mostly limited to job-specific tasks such as handling heavy machinery, pesticide spraying and maintenance. Nonetheless, where there are clusters of competing facilities, workers can barter their experience into better wages and promotion. Building human capital through free trade unions has also been shown to have a positive economic impact, raising wages, benefits and occupational health and safety standards. However, as with any organization, trade unions are only effective if they are properly run and do not collude with management or particular groups against the interests of the wider workforce. Furthermore, agriculture presents particular challenges for union organizers because of the casual/seasonal nature of much of the workforce, and the large number of small growers in certain sections.

Financial Investments and Contributions

Developing country agriculture has been funded by domestic and foreign financing. In many developing countries agriculture development banks are amongst the oldest financial institutions, and have been supported by international financial organizations to provide low-rate financing for agricultural investments. They have had mixed success in terms of financial viability and accessibility of loans. Cooperatives were widely encouraged as an alternative mechanism for assisting small farmers, but again with mixed results in terms of economic impact. Consequently, large sections of the agriculture population depend on informal financing such as from community and kinship networks. The social capital that underpins such mechanisms has been tapped successfully in some communities to create micro-finance instruments built on the Grameen Bank model. Strengthening financial institutions through competition and accountability was one of the intentions of structural adjustment, and where there is sound financial management companies can contribute to economic development by paying taxes, investing in government bonds, etc. However, farmers of all sizes can be reluctant to pay taxes, especially when government services are poor. They may prefer to invest directly in local schools, health facilities, roads and other shared amenities. In some instances they may even see tax avoidance as a way of increasing economic impacts through increased returns to investors.

Commercial farms, plantations and export-quality processing facilities typically require some element of foreign investment, and access to foreign direct investment may be a more significant factor than access to global trade in determining how agriculture evolves. These may be joint ventures between national entrepreneurs and overseas investors, wholly or majority owned ventures by Western companies, or nationally owned companies that have attracted overseas investment. It is increasingly rare for well-known Western companies to own farms/-plantations, and in some regions export-oriented farming and processing is dominated by medium-sized companies that are part of the relatively under-studied category of developing country multinational. In parts of Africa, such companies are an important means for earning foreign exchange that in turn strengthens consumption and the availability of imported goods and services.

Large multinational companies appear more likely to invest in processing rather than cultivation. For instance, 35% of Unilever's capital expenditure is outside of North America and Europe, and a major portion of this goes on raw materials and local processing, especially in countries with large consumer markets such as Indonesia, India and Brazil. There are exceptions to this such as Tata and Unilever's tea plantations, or the banana plantations of Dole and Chiquita, but it is no longer the case for most such companies that quality and supply is seen as synonymous with ownership.

Investments in growing and processing by multinationals can have a significant impact in terms of introducing new skills and technologies in addition to any impact it might have on employment. Establishing such facilities may generate activity amongst local financial institutions, especially where local contractors are used. However, the investment itself may in part be a response to financial incentives from local governments and any accurate assessment of impact needs to take into consideration the opportunity cost of such subsidies.

Philanthropy and Community Investment

Agriculture companies in developing countries make similar types of contributions as those in the West. Indeed, they may go further, making up for shortfalls in public services by providing health facilities, schools and housing. Plantations are often enclave communities where the company provides a full range of services that add to the physical and human capital of workers and their families. More recently established commercial farms such as those in East Africa and parts of Latin America provide similar amenities. Equally, small growers invest in their communities through, for example, donations to religious and educational organizations.

More opaque is how the industry influences local decision-making and how it relates to particular politicians and other leaders. Commercial growers and land-owners are influential figures in rural and national politics, and their lobbying activities can have a significant impact on economic policies. There is always the risk that this power will be used against the interests of workers and communities, and there are many instances of land grabbing and environmental degradation as a result. However, growers, workers and communities may also share common interests, and in such cases growers' power and people's votes can combine to gain, for example, improved roads, electricity, water and other basic infrastructure.

Product Development, Use, Delivery

An important challenge when thinking about managing economic impact in agriculture is that many of the largest companies think of themselves as being part of the food industry rather than agriculture. We will see this later when we look at how companies report on economic impact. This is not to say that food companies do not have an impact on agriculture because clearly their practices affect the way modern agriculture is structured. Nor is it to say that food companies do not think about CSR as will be apparent from some of the case-studies later on. However, little is known about the economic impact of the food industry where much of the product development, use and delivery occurs.

Food companies increasingly look to developing countries and poor communities as an opportunity for market growth. Where this leads to lower consumer prices or better products, then it can be viewed as having a positive economic impact. The impact where a product is simply displacing another needs to be questioned, however. For instance, the successful launch of a multinational-brand ice cream or soap might force out local brands, and while consumers might appreciate the price and quality, the economic impact will depend on outcomes such as net job creation, increases in local investment, sourcing of raw materials, etc.

Agriculture technology: There have been numerous technological advances in areas such as plant breeding, irrigation, environmental management and storage that have increased agricultural productivity. Some of these have been controversial and, as the current debates about transgenic materials and organic agriculture demonstrate, economic impact is only one of the factors that affects change in the industry. Access to technologies is uneven and can have negative economic consequences. For example, a recurring theme in agricultural development has been the lack of appropriate, affordable technologies for small growers. The 'green revolution', while undoubtedly increasing rice yields, drastically altered land-ownership in Java, and today enforcement of plant breeders' rights as part of international trade agreements is depriving some small growers in East Africa of access to export-quality planting materials. However, small growers can also be responsive to new technologies and market opportunities. For example, in Uganda they responded quickly to the demand for organic cotton and the health food sector's demand for dried organic fruit.

Product differentiation: Labels such as organic and fair-trade are one way that agricultural produce has been marketed to increase the returns to growers. There is an organic alternative for nearly every food item, and the organic movement claims that the price premium charged for these products is nearly all returned to the grower. Most fair-trade produce promises a better return to producers and under the international fair-trade certification scheme the buyer also invests in a social development fund for grower communities. Coffee is the most famous fair-trade product, but the fair-trade mark is also found on bananas, tea, rice, cocoa, sugar and honey. Unfortunately, there is very little independent empirical research on the economic ipact of fair-trade or organic agriculture.

Domestic markets: Many investments in agriculture products assumed that export markets offered a better return than domestic ones. In some cases this led to competition between domestic and export-oriented production as seen for instance in the Gambian vegetable industry. Some development economists now question this export focus, arguing that hotels, restaurants and similar local and regional markets pay a premium for quality and are more accessible than the highly competitive international markets. However, it is increasingly mistaken to see domestic markets as 'easy options' for growers. Western-model supermarkets and in particular their centralized procurement systems are growing rapidly in developing countries, obtaining significant market share in developing economies such as Brazil (75%), the Philippines (57%), Costa Rica (50%), Ecuador (40%) and China (30%).[3] The 'preferred suppliers' who are the dominant producers for these supermarkets are increasingly expected to meet the same standards as are applied to exports.

Corporate Reporting on Economic Impacts

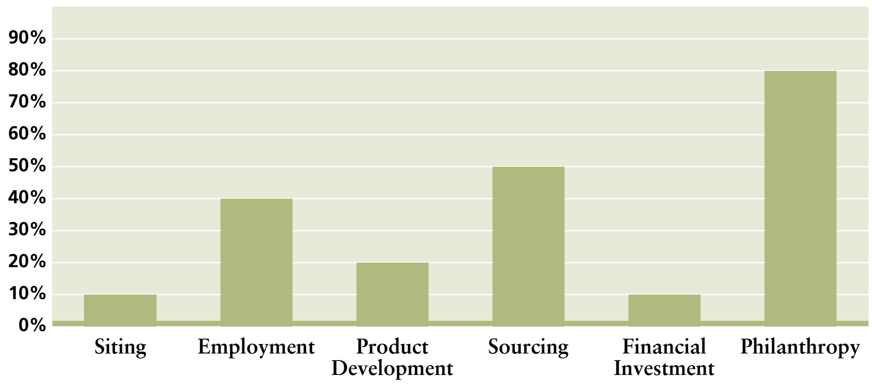
> "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."
>
> *Richard Holme and Phil Watts Making Good Business Sense, 2003*

Richard Holme and Phil Watts's definition of CSR (see Box) makes clear that for some business managers at least companies have a responsibility to contribute to economic development. So, how are companies in the agriculture industry dealing with this aspect of their performance? The BSR-AccountAbility report "Business and Economic Development" distinguishes between financial impact and economic impact where the former refers to market valuation of a company's transactions, and is a subset of economic impacts which include the value of what must be given up to produce or acquire a good or service, and the full benefit of producing or consuming a product. Hence, financial reporting may contain information relevant to assessing a company's overall economic impact, but is unlikely to tell the full story.

Therefore, in order to understand how companies currently view and report on their economic impact, we should also refer to the growing number of company reports on their social and/or environmental performance. Phase I of this project reviewed reports from leading companies in a cross-section of industries and concluded that economic impact was "the poor cousin" of non-financial reporting. Companies that recognized economic development, referred primarily to employment and philanthropy, and paid much less attention to the economic impacts of facilities siting, product development, sourcing and financial investments.

A similar analysis of major North American and European agriculture-related companies reveals that 70 of 72 report in some way on economic development.[4] A significant number of these (16/22%) do not distinguish between particular areas of impact, typically because they only set out broad principles without providing the basis for assessing actual performance. Of the remaining 56, philanthropy (77%), sourcing (50%) and employment (39%) are the most commonly recognized areas of impact (Figure 6).

Figure 6
Areas of Impact Recognized in Reports (n+56)

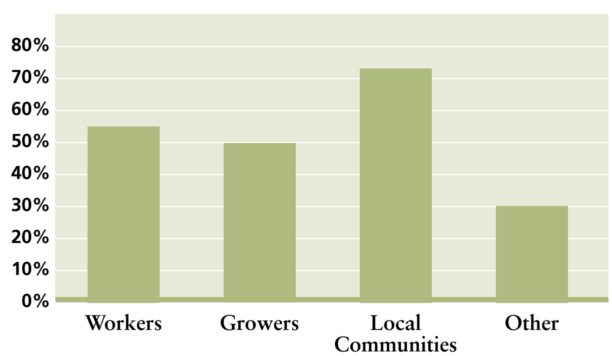


Of those companies in the sample that have been accused through the courts, media or advocacy campaigns of having negative economic impacts (e.g. through price-fixing), it is noticeable that such events are not explicit in reports.

Communities of interest

Forty-three of the reports that mention economic impact (61%), disaggregate particular communities of interest to some degree. The importance of recognizing different communities (both physical and virtual) was highlighted in "Business and Economic Development", and the analysis of economic impacts earlier in this paper demonstrated how different 'communities' interact with agriculture in very different ways. Not surprisingly, companies frequently mention shareholders and customers amongst their communities of interest, but the emphasis placed on philanthropy (especially amongst US companies) means that local communities (i.e. communities near the company's major facilities) are often mentioned (74%), followed by workers (56%). Reflecting a growing trend for companies in the agriculture industry to be held accountable for the behavior of their suppliers (see above), there is much greater recognition of growers/suppliers as a community of interest than was the case in our multi-industry review in Phase I (Figure 7).

Figure 7
Communities of Interest Recognized in Reports (n=43)



Use of standards

One might expect that some companies would report on elements of their economic impact by using the standards and guidelines common in CSR. This is not the case, however. For example, few of the companies use Global Reporting Initiative economic indicators (5/7%) and there is little mention of externally derived economic development indicators. One company mentioned GRI indicators in the past but not in its latest report, and only one company is clearly and systematically reporting performance against individual GRI indicators. There is more mention of labor standards (22% of sample) which can contribute to economic development, although companies are not yet attempting to report on this impact.

As was pointed out in the Phase I report, CSR standards can confuse financial and economic performance, and they do not provide a framework for understanding if the impacts apply to everyone or only the poor and marginalized.

Other reports

Inter-company comparisons such as the Financial Times/PricewaterhouseCoopers World's Most Respected Companies survey can include economic development insofar as those interviewed consider this to be an aspect of integrity, good governance or corporate social responsibility. Eight percent of the top 72 companies in the 2003 survey were from the food/beverage industry, and four percent were major grocery retailers. This is a similar proportion to the number of IT companies amongst the top companies, and much higher than the number of healthcare and pharmaceutical firms. Only engineering companies were significantly more prominent.

Normalizing Economic Impact – Examples

Starbucks

"Because not everyone can take charge of his or her destiny, those who do rise to positions of authority have a responsibility to those whose daily work keeps the enterprise running, not only to steer the correct course but to make sure no one is left behind."

Howard Schulz, chairman and ex CEO, Starbucks

From the above survey we can see that food and agriculture companies are at best only just beginning to include economic impact in their reporting. To understand more about how this might become part of management practice, it is more informative to take a more in-depth look at individual firms. We have chosen four food and agriculture companies that have started to normalize economic impact in their management practices, although it is fair to say that in a number of instances these firms primarily think about what they are doing from a social or environmental perspective.

The selected companies are Danone, Ben & Jerry's, BAT and Starbucks. Over the following pages we highlight the key initiatives and practices of these companies under the different areas of economic interaction discussed earlier. As we will show, each company has interesting and relevant initiatives, although not every company is addressing all of the areas of interaction. Three of the companies are explicit about the significance of economic impact for their business, although as the statements in the Boxes show, their perceptions range from seeing negative impact as a threat to embracing positive impact as a goal. These differences are evident in the ways the four companies address economic impact through their operations.

Probably the most comprehensive approach is that of Starbucks, particularly in terms of economic impact in developing economies. Because of this, we use Starbucks as our central reference point, together with the most pertinent examples of managing impact from other companies. To a large extent, the examples we provide reflects the availability of information from each company, and we do not pretend to endorse or verify the claims of individual firms.

Company backgrounds

Danone

"A company's responsibility does not end at the office door or the factory gate, since its action affects the community as a whole."

Danone founder, Antoine Riboud, 1972

"How are our teams to reconcile the business success that is our reason for existing with the many demands that society makes on business."

Frank Riboud, Chairman/CEO

To understand the different approaches and priorities of these four companies, it helps to know something of their respective backgrounds. **Danone** is a French-based multinational active in fresh dairy, beverage, biscuit and cereal products. It employs 90,000 workers worldwide and has built its corporate responsibility policies around such international standards as ISO 9000, ISO 14000 and SA 8000, and stresses the importance of the Global Reporting Initiative guidelines. **Ben & Jerry's** is a US-based manufacturer and retailer of ice cream and frozen yoghurt products that from the outset emphasized its economic, social and environmental mission. It was acquired by Unilever in 2000, and despite undergoing major restructuring of its US and overseas operations in 2002 and 2003 has retained its 1988 statement of economic and social mission.

Ben & Jerry's

"Capitalism and the wealth it produces do not create opportunity for everyone equally. We recognize that the gap between rich and poor is wider than at any time since the 1920s. We strive to create economic opportunities for those who have been denied them and to advance new models of economic justice that are sustainable and replicable."

Leading with Progressive Values

BAT has been a controversial but active participant in the CSR community. It manufactures and markets tobacco products for 180 markets worldwide. It employs nearly 86,000 people, and has strong relations with tobacco producers. **Starbucks** also prides itself on its relationship with its suppliers, something that is atypical of the mainstream coffee roasting and retailing industry. The US-based company is in many ways a microcosm of the ways the food and agriculture industry relates to economic development. Its impact stretches from coffee and tea growers (predominantly in developing economies) to wholly-owned retail outlets providing low-end service jobs largely in wealthier neighborhoods of the world's major cities. In the public's eye, its brand simultaneously stands for quality, success and the best and worst aspects of globalization. It has led the way in 'reinventing' an agricultural commodity, turning it into a company that from early days made a connection between positive economic impact and shareholder value.

Sourcing and procurement ~ Trading relationships

Values-led sourcing at Ben & Jerry's

Ben & Jerry's Values-Led Sourcing team is tasked with using purchasing opportunities to support social change. When the company's new For A Change line was introduced, the team identified 'socially aligned' vendors of coffee, vanilla and banana puree in developing countries.

These vendors pay above market price, enter into long-term contracts with growers, and offer non-traditional financing options. Despite often higher costs, these vendors are prioritized by buyers, although the value of ingredient purchases is not disclosed for competitive reasons.

The relationship between producer and buyer/vendor was highlighted earlier as one of the most important in developing countries. Starbucks has recognized this in its relationship with small and large coffee growers. There are 25 million coffee growers worldwide, and most beans are sold on the highly competitive commodity markets where since the late 1990s prices have been at historic lows. Starbucks depends on higher grade, specialty coffee which attaches a premium to quality and flavor. Specialty coffee accounts for less than 10% of global coffee purchases, and although Starbucks is the largest specialty buyer its purchases represent about one percent of the world's beans.

FIVE KEY ECOMONIC IMPACTS FROM COFFEE SOURCING	RECOGNIZED BY STARBUCKS?
Farm-gate green coffee price at least equal to cost of production	Yes*
Strong, long-tem producer-buyer relationship	Yes
Small growers have access to credit	Yes
Equitable returns throughout the supply chain	Proposed
Preferred status for poor and marginalized growers	No

** Starbucks pays a negotiated price that is significantly higher than the commodity market price and close to the average fair-trade price which reflects sustainable costs of production. It does not guarantee that the price is equal to the cost of production, but is proposing to monitor production and living costs to ensure that the negotiated price gives a fair return to growers.*

In 2002, Starbucks paid an average price of $2.64 per kilogram at a time when coffee on the commodity markets fetched no more than $1.10. It says it pays the highest prices in the world for green coffee outside of the fair-trade sector. Unlike fair-trade, Starbucks does not set a floor price equivalent to the cost of production, but while the supply of fair-trade coffee is five times greater than demand according to McKinsey consultants, Starbucks anticipates continued growth, promising a more lucrative total market for producers.[5]

Former CEO Orin Smith is open that it can offer producers relatively high prices only because it has "created a demand for the $3 cup of coffee." This market has a 10% compound annual growth rate, and Starbucks' success has spawned many competing specialty coffee buyers, all paying significantly more than the commodity market price.

Starbucks has also pioneered the increased use of outright prices negotiated directly with vendors (i.e. traders, cooperatives or growers). This type of contract accounted for 97% of purchases in 2003 compared to 12% in 2001, and offers stability and predictability for both buyers and sellers. There is also a shift towards long-term contracts (3-5 years) that promise fixed prices. These contracts accounted for 20% of purchases in 2003, but the company does not describe if farm-gate prices are discounted under this system.

BAT's leaf programs

BAT sources 70% of its tobacco from 250,000 farmers in 22 countries. These growers receive agronomic support through 'leaf programs' which can improve growers' incomes by helping them to raise quality. Souza Cruz, the company's Brazilian subsidiary, provide a crop purchase guarantee using prices negotiated after a survey of production costs with farmers.

Direct relationships with farmers and cooperatives are also being introduced to help farmers receive more of the purchase price, to increase transparency in pricing, and to ultimately build trust between buyer and grower. These relationships accounted for 30% of Starbucks purchases in 2003. Small growers, who account for more than 50% of Starbucks' growers, can also obtain credit from lending organizations backed by the company. This helps to prevent crop mortgaging and other problems associated with a lack of capital for producers dependent on annual harvests.

Starbucks is also introducing the Preferred Supplier Program which will reward growers adopting higher social and environmental standards with assured markets and some price incentives. PSP certified growers are expected to account for 60% of Starbucks green bean purchases by 2010.

Each of these practices brings business efficiencies for Starbucks, primarily by ensuring a sustainable supply of quality product sufficient to meet the company's anticipated growth. They also address growers' concerns about price, stability, access to credit and the need for long-term relationships with buyers. There is only anecdotal evidence for the local impacts of these practices and some advocacy NGOs continue to criticize the company for not increasing their impact, e.g. by selling more fair-trade coffee. However, not only is Starbucks paying significantly more attention to economic impact than far larger coffee buyers, it is starting to place more challenging issues on its agenda such as equitable distribution of financial benefit along its supply chain which will form part of the Preferred Supplier Program.

Supplier Selection

Ben & Jerry's purchasing policy

Over 7% of the company's $32 million of non-ingredient purchases comes from women and minority operated firms. Half of ingredient and packaging purchases are from companies held to be aligned with Ben & Jerry's values. Staff are trained how to make decisions that reinforce this commitment.

Starbucks does not have a direct relationship with most of its growers, and choice of grower is primarily based on quality. Where the company has a direct relationship, it does not have policies promoting grower diversity. Although it has praised vendors for employing women and is proud of its growers from indigenous communities, it does not systematically monitor economic impact on disadvantaged groups.

This contrasts with its Supplier Diversity Program in the USA which encourages sourcing from women and minority-owned businesses. The company reports on its spending with such suppliers ($69 million in 2002), and also trains its buyers in the benefits of supplier diversity. Unfortunately, the company does not breakdown what percentage of procurement is from these companies, nor does it publish targets for future sourcing. It also does not assess the impact of the program.

Facilities Siting and Management

Ben & Jerry PartnerShops

Franchising of scoop shops to organizations committed to creating opportunities for the poor and marginalized is one of Ben & Jerry's flag-ship initiatives. 35 (17%) scoops shops are minority or women-owned, although the company's most recent social assessment admitted that more could be done in terms of impact and coverage. The company waives the franchise fee for these operations and provides job and entrepreneurial training to operators.

Starbucks does not own coffee farms or mills, although its policy of building long-term relations with suppliers means that there is a potential for managing the economic impact of its sourcing choices. However, to date it does not monitor any impact its sourcing might have on land rights and general community prosperity even though as noted before such impacts can be significant (page ??).

Starbucks owns and operates its retail outlets. In the USA it is part of a join venture with an African American leader to establish coffee bars in poor neighborhoods. The first store under this Urban Coffee Opportunities pro-

FIVE KEY ECOMONIC IMPACTS FROM FACILITIES SITING	RECOGNIZED BY STARBUCKS?
Pro-poor location policies	Yes
Number of jobs created	No
Amount of local input	No
Process for acquiring land	No
Managing negative impacts of relocation	No

gram opened in 1998 and there are now over 50 stores nationwide with plans to open 30 more stores in 2004. Again, the impact has not been measured, but there is case study evidence that the opening of a Starbucks in such neighborhoods can be a catalyst for other business development as well as creating employment opportunities.

Employment ~ Retail employment

BAT pay and benefits

Health care, pension entitlements and other benefits have long been one of the most widely recognized areas of company economic impact. BAT measures how its benefits package compares with those of other high performing companies, and reports a 63% satisfaction rate compared to an average of 47% elsewhere.

Starbucks prides itself on the working conditions of its 60,000 employees, and regularly monitors job satisfaction and seeks out worker feedback. In the US where workers are employed, Starbucks offers a pension fund, stock options, life insurance, paid vacation and a contribution of up to 75% to health care for both full and part-time workers. The company feels that its compensation package is better than most of the retail sector, although it does not publish comparative data and does not report on employment practices outside of the USA. To an extent, Starbucks' employment conditions follow wider trends that are having significant economic impacts (e.g. the shifts from employer-funded defined benefit pensions to contributory savings funds, and towards greater worker contributions to health insurance). However, while it is not resisting these trends, it can claim to be resisting the race to the bottom affecting parts of the retail sector.

Danone – Managing unemployment

Both Danone and Ben & Jerry's have recently gone through major restructuring that has led to significant loss of jobs and relocation. In 2001 Danone closed five European factories. It agreed with unions both to provide alternative employment, and maintain levels of local employment through job creation. Thus, in addition to severance packages, early retirement and on-site placement and support teams, the company promised every redundant worker two job offers, and worked with local governments, financiers and local businesses to identify new job opportunities. As a result, 2,280 new jobs were created, more than the 1,659 jobs lost.

On-farm employment

Starbucks has started to take responsibility for employment conditions on its supplier farms. As part of its Preferred Supplier Program, it is rolling out a verifiable code of labor practice that includes criteria with a clear economic impact dimension, i.e. wages, overtime, freedom of association, leave and discrimination. This code, which has been developed with various NGOs, draws heavily on the ILO's core labor standards, the economic benefits of which have generally not proved straightforward to measure. Moreover, these standards may prove difficult to apply amongst small growers, and the complexities of smallholder production, which can significantly affect who benefits economically, have not been considered.

FIVE KEY ECOMONIC IMPACTS OF EMPLOYMENT	RECOGNIZED BY STARBUCKS?
Fair remuneration for workers	Yes
Investment in workers' human capital	Yes
Recognizing needs of different types of worker (e.g. full versus part-time)	Yes in retail
Opportunities to diversity beyond coffee	No
Protection of economic-related human rights	Yes

Through its recently established agronomy program in Cost Rica, Starbucks offers training to improve the quality of their product and thus capture better prices on the specialty coffee market. Training for growers includes health and safety, and vendors are increasingly expected to show that farm workers have access to satisfactory housing, water, sanitation, education, medical care and health and safety training, all of which promises economic benefits (e.g. through less sickness). Although these programs are new, their inclusion in the independently verified Preferred Supplier Program means that over time changes in performance will be documented and disclosed.

An area that is missing from current Starbucks programs is the opportunity for diversification amongst growers and farm workers. As noted on page 14, opportunities to diversity rather than focus on a single source of income can have a major economic impact, and a recent McKinsey study concluded that the economic sustainability coffee growers depended on diversification. Starbucks, like other similar companies, does not address this, and its programs assume that the greatest economic impact can be had through expansion of coffee production and retailing.

BAT – Fighting illicit trade

Cigarette smuggling has become widespread as tobacco duty has risen. Adverse media coverage prompted BAT to commit to eliminating the illicit trade in cigarettes, e.g. through tighter chains of custody.

Financial investments and contributions

FIVE KEY ECOMONIC IMPACTS THROUGH FINANCIAL INVESTMENT	RECOGNIZED BY STARBUCKS?
Acceptable contribution to government/community revenues	Yes
Access to credit for growers	Yes
Foreign investment in developing economies	Yes
Financial investment in local communities	Yes

A major economic impact that any company can have is to pay the taxes that help ensure the communities within which it operates can achieve the standard of life to which they aspire. Starbucks Corporation was incorporated in Washington State where its headquarters are located and has international joint ventures in various companies. The company has an effective tax rate of about 38% but does not report this under CSR.

As mentioned on page 25, Starbucks provides growers in some areas with access to credit in partnership with micro-finance NGOs. It also supports community investing in the US through its $150,000 partnership with Calvert Community Investments to fund local non-profits and loans targeted at the poor. Starbucks also invests directly in certain poorer countries through joint ventures, licenses, and company-owned operations. These include Thailand, Puerto Rico, Philippines, Peru, China, Mexico and Indonesia, but the company only reports on revenues from its international operations and does not disaggregate its investment.

Philanthropy and Community Investment

Ben & Jerry's Foundation

The foundation invests in community development financial institutions, and involves its workers in decisions over the $1.2 million it disburses annually. As part of the sale agreement with Unilever, the company's directors also insisted that Unilever make a $2 million endowment to the 'U-Fund' which is used to support citizen education and activism on globalization and social justice issues.

The company reports a wide range of activities representative of the established US corporate philanthropy and investment model. It encourages workers and also customers to volunteer in their communities by matching each volunteer hour with a $10 donation. It also runs a Executive Community Leadership Program to share management expertise with non-profit organizations. In one month in 2003, workers and customers logged 110,000 volunteer hours and Starbucks donated more than $500,000 to North American nonprofits.

The company matches workers' annual charitable donations up to $1000, and the Starbucks Foundation has disbursed more than $6 million since 1997. In producer countries, Starbucks has a long-standing alliance with the social development NGO, CARE, and contributes to Coffee Kids, a NGO dedicated to economic development in coffee-growing communities. There are also a small number of grower communities that benefit from social development projects such as schools funded through a premium that Starbucks pays on top of the purchase price and which is matched by the farmers. The company contributed over $85,000 in premiums in 2002.

Thoughts on Normalizing Economic Impact

This report has four main messages for agriculture-related companies thinking about economic impact:

- The way that economic impact is understood and managed will affect social and environmental aspects of a company's operations
- Economic impact is broader and more complex than just financial performance
- Part of managing economic impact involves managing uncertainty and recognizing what is outside of your control
- Some companies are pioneering economic impact as part of CSR, and there are lessons to be learned as well as many opportunities to further our knowledge

There is no hiding the fact that once we distinguish economic from financial performance, and move away from thinking about economic development only in terms of how money is earned and distributed, economic impact is complex and multi-faceted. What is more, if companies wish to enhance their economic impact in poor communities any discussion about what to do and how to do it should not be restricted to what business does or thinks it can do: it should equally include what the intended beneficiaries consider to be a positive contribution to their well-being.

In some industries, the next step in managing economic impact may be the development of metrics. At present, that is a step to far in agriculture. This paper sets out a framework that managers can use to examine where their impacts lie, and gives an idea of some of the key aspects to consider. But the areas of impact and their indicators will vary from location to location and company to company. In fact, at the farm and community level, which is where companies are most susceptible to public criticism, it may be misguided to think in terms of a comprehensive metrics because of the resources required to develop and apply it. Development agencies have invested in assessing different types of impact over many years, and tapping into their tools and experience is a good starting point. But company managers should not be surprised if even this raises as many questions as it provides answers such as how to factor in economic vulnerability resulting from climatic and other natural conditions.

An important part of normalizing economic impact into management practice will be to strike a balance between what might be done and what can be done. On the one hand, there is a risk that the very complexity of the issue will drive managers away. On the other hand, there is a danger that managers will lose their way if they attempt to address too many impacts. For the time being at least, managers will need to prioritize, and accept that they may well be criticized for not doing more. They should not, however, turn a blind eye to what they are not or cannot manage at the present time. An important element of managing economic impact in agriculture will be to maintain an awareness of what other effects the company or industry is having so that over time companies build a solid body of information upon which to make decisions.

Finally, it may be tempting at times to simplify one's impact, e.g. by not sourcing from small producers where social, environmental and economic impacts are tough to identify and tough to measure. For some firms and some products this is not an option. But the framework presented in this report shows that in any of the different ways agriculture affects developing economies, there may choices that will improve economic impacts without jeopardizing competitiveness. If managers are to normalize economic impact as part of demonstrating their companies' contribution to disadvantaged communities, they will need to show that their decisions took measured account of both financial and economic considerations, and that economic impact was not an afterthought but something that informed their thinking from the outset.

Appendix A
Sources of Further Information

There is a vast array of published and internet resources on the economic dimensions of agriculture. The companies included in this report also have their own websites and other materials. The following web links are by no means extensive, but not only do they belong to organizations of interest in their own right, they also offer links into specific aspects of agriculture, economic and international development.

AccountAbility, a membership organization for improving companies' social and ethical accountability - www.accountability.org.uk

Agribusiness Accountability Initiative, international network challenging conventional food industry - www.agribusinessaccountability.org

Ben and Jerry's – www.benjerry.com

British American Tobacco – www.bat.com

Business for Social Responsibility, a membership organization for companies interested in CSR – www.bsr.org

Consultative Group on International Agricultural Research (CGIAR), 15 international agricultural centers – www.cgiar.org

Danone – www.danone.com

ELDIS, database of online resources on economics, agriculture and other development issues – www.eldis.org

Fairtrade Resource Network – fairtraderesource.org

Food and Agriculture Organisation, United Nations' agriculture research and policy body – www.fao.org

Ford Foundation, international philanthropic organization – www.fordfound.org

International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) – www.iuf.org/en/

Natural Resources Institute, UK-based research center specializing in social and economic dimensions of agriculture – www.nri.org

Starbucks – www.starbucks.com

Sustainable Agriculture Initiative, agriculture industry learning platform – www.saiplatform.org

Traidcraft, a UK fair-trade company – www.traidcraft.co.uk

Appendix B

Sample of Agriculture-related Companies Reporting on Economic Development

ADM
Agrium
Altria
Asda
Ben & Jerry's
British American Tobacco
Bunge
Burger King
Cadbury Schweppes
Campbell Soup
Cargill
Chiquita
ConAgra Foods
Coors
Danone
Dean Foods
Delaware North Companies
Delhaize Group
Diageo
Dole
Fetzer Vineyards
Gallo Wines
General Mills
Golden State Foods
Green Mountain Coffee
Heinz
Hershey Foods Corporation
Honest Tea
Horizon Organic
J Sainsbury
J.R. Simplot
Jamba Juice
Juice Guys
Kettle Foods
Kikkoman Group
Kirin Brewery
Kraft Foods
Land O'Lakes
Marks & Spencer
Mars
McDonald's
Monsanto
Nestlé
Peet's Coffee
Pepsico
Perdue
Philip Morris International
Philip Morris USA
Pilgrim's Pride
Procter & Gamble
Publix Super Markets, Inc
Royal Ahold
Safeway
Sara Lee
Shaw's
Small Planet Foods
Smithfield Foods
Sodexho
Starbucks
Stonyfield Farm
Stop & Shop
Syngenta
Sysco
Tesco
Thanksgiving Coffee
Trader Joe's
Tyson Foods
Unilever
Wal-mart
Western Family Foods
Whole Foods Market
Wild Oats

Appendix C

Research Partners

The African Institute of Corporate Citizenship (AICC)
The African Institute of Corporate Citizenship (AICC) is based in South Africa. The aim of the AICC is to advance corporate citizenship in Africa. AICC was established in 2001 as a non-profit organization committed to leading Africa's corporate citizenship practice through advocacy, research, capacity building, and leadership and network development.

Centre for Social Markets (CSM)
The Centre for Social Markets (CSM) is an independent non-profit organization dedicated to making markets work for the triple bottom line–people, planet and profit. Through our offices in India and the United Kingdom, and an international network of partners and associates, CSM promotes responsible entrepreneurship, ethics and accountability worldwide. Founded in 2000, we are a values-based organization committed to sustainable development and human rights.

Fundação Dom Cabrale (FDC)
About FDC
Fundação Dom Cabral (FDC) is an educational centre for executives and companies based in Brazil. It was created in 1976 as a branch of the Extension Center of the Catholic University. It is an autonomous, nonprofit institution, managed to produce results for the community, its allied companies and clients.

Fundación PROhumana
Fundación PROhumana is a non-profit, non-politically affiliated, independent, private organization, which carries out its work in citizen and corporate social responsibility since 1998. Its Mission is to promote a culture of citizen and corporate social responsibility in Chile through proactive citizenship, expressed in individuals, institutions and firms.

Instituto Ethos
Instituto Ethos is a pioneering organisation of the Corporate Social Responsibility movement in Brazil. São Paulo-based, Ethos acts throughout the country and maintains partnerships with key organizations involved with CSR all over the world.

OPT Trade Center–PalTrade
OPT Trade Center–PalTrade is a national, non-profit, fully private sector, membership-based organization. It operates through offices in the West Bank and Gaza Strip and has strong market networks worldwide

PalTrade, strives to develop the capabilities of the private sector by assisting Palestinian firms in all aspects of international trade.

Appendix D

1. There are too many instances to detail here, but examples include the mid-1800s Oudh land reform in India, collectivization in 1920s USSR, the gender and ethnic shifts in land access due to coca production in Indonesia and Ghana, the political debates around EU and US farm subsidies, and the policies supporting land conversion in Brazil.
2. Carney, D. ed Sustainable Rural Livelihoods: what contribution can we make? London, Department for International Development, 1998. Scoones, I. Sustainable Rural Livelihoods: a framework for analysis. IDS Working Paper No.72. Brighton, Institute of Development Studies, 1998.
3. See: Julio A. Berdegué, Fernando Balsevich, Luis Flores, and Thomas Reardon "The Rise of Supermarkets in Central America: Implications for Private Standards for Quality and Safety of Fresh Fruits and Vegetables" Final report for the USAID-RAISE/SPS project on private standards of supermarkets in Central America, July 2003.
4. See Appendix B for a list of companies.
5. The four main stipulations of certified fair-trade standards are: a) pay a price to producers that covers the costs of sustainable production and living; b) pay a premium that producers can invest in development; c) partially pay in advance, when producers ask for it; and d) sign contracts that allow for long-term planning and sustainable production practices.

This report is a product of a research program conducted by AccountAbility and BSR. The core aim of the study was to normalize the management of economic impact as a regular aspect of business performance and outcomes.

This study is comprised of four separate industry reports:

- Finance
- Pharmaceutical
- Agriculture
- Extractives

All reports are available on www.ecomomicfootprint.org

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The Ford Foundation

U.S. Agency for International Development – Global Development Alliance (GDA)

USAID's Global Development Alliance initiative seeks to broaden and deepen development impact by combining the complementary strengths of the public, private, and non-profit sectors for the benefit of the people of developing countries. For more information please refer to www.usaid.gov/gda