

ACCESS TO SEEDS INDEX

Policy and plan for 2012/2013
for market analysis and stakeholder dialogues to develop
the Access to Seeds Index methodology

(stage 2 and 3)

Access to Seeds Foundation
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1. INTRODUCTION

This paper comprises our policy and plan for preparing the introduction of the Access to Seeds Index (ATSI) methodology and plan to launch the first Index. The aim of ATSI is to leverage transparency into contribution to social change from this part of the agro sector. The ultimate goal of ATSI is to improve food security and at the same time alleviate poverty for smallholder farmers in developing markets.

A step-by-step approach is taken to secure the impact of the concept. In the previous months a preliminary investigation amongst key stakeholders was accomplished. Aim was to clarify the current potential and conditions for introducing an Access to Seed Index.

The first part of this paper clarifies the background of the Index and the characteristics of the Access to Medicine Index, as the successful example for ATSI. It also includes a proposal for the stakeholder dialogues and the development of the Index methodology. After these stages 2 and 3 as proposed in the feasibility study it is possible to start gathering the data for the first Index (stage 4).

2. BACKGROUND OF THE ACCESS TO SEEDS INDEX

2.1 TRANSPARENCY: KEY TO MARKET BASED SOCIAL CHANGE

Our global society faces numerous social challenges. The current system overuses available resources and initiates potential destructive trends such as climate change. Rapid development of emerging nations and a projected growth to nine billion people in the next few decades, are putting more strain on our earth ecosystem.

Global wealth is distributed unequally. The bottom of the pyramid is still largely excluded from the global marketplace. Radical innovation is needed to solve key challenges global society is facing.

At the same time social responsibilities are changing. Governments are reconsidering their social tasks. Debt crises en budget problems will further increase this dynamic. Citizens become more demanding. They expect business to also take care of the issues which global society is facing. More and more business leaders around the globe are accepting this challenge and developing their own sustainability strategies.

Though business is engaging with sustainability issues, many challenges are left. If market forces are aligned with societal challenges and self-interest is combined with caring for others, much can be expected. Creative capitalism is needed to facilitate market based social change.

A key factor to unleash this potential is recognizing the leaders in this respect for their contribution to the greater good and in doing so stimulate the laggards to do better. To induce this dynamic there is one key lever: improving transparency.

2.2 ACCESS TO MEDICINE INDEX: THE EXAMPLE

Since its first edition in 2008, the Access to Medicine Index has proven to be successful in leveraging transparency and business contribution to social change in the pharmaceutical sector.

Although many more sustainability indices exist this Index differentiates itself through a number of key characteristics:

- *Specific business focus:* the ATM Index is focused on a specific business, Big Pharma, which creates leverage around this business and makes it more straightforward to identify the impact than indices which score companies on their generic sustainability approach
- *Aligning stakeholders:* the development of the Index is done through dialogue with different stakeholders from business, NGOs and government, thus enabling a shared sustainability vision
- *Positive competition:* the Index unleashes positive competitive dynamics in which the both the leaders and followers have something to gain. Through this dynamics best practices are spread, instead of a "naming and shaming" companies which lag behind
- *Media and investor attention:* through the transparency the Index leverages recognition of both media and investors for the contribution of participating companies
- *Independence:* the organization is independent and is not depending on the development of the Index in commercial sense, no financial links are present with the companies being assessed in the Index.

The Access to Medicine Index has been able to attract the attention of media such as Financial Times. The Lancet Infectious Diseases published an article outlining findings from the second Access to Medicine Index, stating top pharmaceutical companies are engaging in more initiatives to improve access to medicines and are increasingly cooperative and transparent in sharing such information. The Lancet asks; "*Could the world be witnessing a new era in shared social responsibility on access to medicines?*"

Also to date, more than 30 worldwide investors have pledged their support for the Access to Medicine Index, including original signatories such as Henderson, Aviva, F&C and PGGM. The signing of Alcyone, Northwest, Dexia AM and the IDEAM -Amundi Group brings the combined assets under management are backing the Index to *USD 3.7 trillion*.

2.3 THE INDEX PRINCIPLES AND THE SEED BUSINESS

The dynamics that have been experienced in the pharmaceutical sector reveal the question whether this concept is applicable in the seed business.

Four criteria have been identified which should be used to identify the potential for replication:

- *Relevance*: the powerful concept and reputation of the current Index should only be put at stake at issues with relevance to society at large and business has a key responsibility to take
- *Stakeholder alignment*: although the the Index is aligning the visions of stakeholders, there should be an attitude for sharing (not yet aligning) challenges between stakeholders
- *Positive competitive dynamic and clear leaders*: best practices should exist (no matter in what stage of development) which could be leveraged in an economically feasible business; significant difference between companies should exist with regard to the business issue
- *Transparency*: if it is currently difficult to recognize efforts of individual companies, improving transparency will be of added value

Food security and poverty amongst farmers in developing markets are getting more relevant every day. Although companies have started taking action, in many cases transparency and a shared vision among the stakeholders is still lacking. Currently there seem to be no other indices with comparable underlying mechanisms creating a shared vision, transparency and positive competition around a specific business.

3. FEASIBILITY OF AN ACCESS TO SEED INDEX

3.1 METHODOLOGY

Based on the experience with the Access to Medicine Index a four factor framework was applied to assess the potential of an Access to Seed Index. First ATSI should concern an issue which is of key *relevance* to global sustainable development and in which business has a significant contribution. Secondly for an effective intervention a business model for the contribution should be thinkable. Third it must be possible to engage *stakeholders*, for which a (partly) shared problem definition is important. Finally ATSI as intervention should *add value* to the situation. Considering the mechanism of the Index this is the case when best practices, and differences in their application, are available and the actual contribution of individual players is not transparent. Finally the potential to engage media and investors to use the Index was considered.

3.2 RESEARCH

To assess each factor of the framework a structured approach was used. First desk research was used for developing an overview of the business landscape and its social contribution. This included a scan of the corporate responsibility reports of the leaders in the industry, but also a considerable number of critical reports from NGOs, scientists and media.

In addition more than 25 interviews with different stakeholders were executed, which included NGOs, policy makers, scientists, industry representatives and investors.

Factor	Aspect	Conclusion	Notes
Relevance	Societal relevance	++	Impact on food security & development
	Business input	+	Seed is key factor. Focus needed on small farmers
Business	Stake	++	Reputation issue & growth market
	Feasible	+ / -	Discussion on whether this could be commercial activity at this point in time
Stakeholders	Problem definition	-	Key controversies exist to be solved in a dialogue
	Willingness	+ / -	Large differences among stakeholders positions
Added value	Transparency	++	On commitment and results level reporting can be improved
	Best practices & differences	+	Patent policies, core business, integral approach, orphan crops
	Media	++	Clearly framed in leading newspapers
	Investors	+	Index can leverage attention and impact of ESG investors

3.3 CONCLUSIONS

The Access to Seeds Index as part of an integral agricultural development approach is likely to have positive impact on the economy and food security in developing markets and is therefore of key relevance for social change on a global level.

The agribusiness industry (of which the seed sector is part) has a stake by improving their reputation and developing new markets. Different views exist on how the sector can contribute, which makes creating insight in best practices even more relevant. The majority of stakeholders have a positive attitude towards the idea of an Access to Seed Index, but several complex issues should be bridged to ensure their engagement. Some stakeholders are critical because they expect the Index will be used for green washing. The contrary is however the case because the Index will reveal green washing practices.

ATSI can add significant value by improving transparency and defining best practices to use differences between the key players in a positive manner. Based on the transparency, additional attention from investors and media can be expected, which will be an important incentive for the sector to participate.

The relevance of food security and poverty together with the potential added value of the Index justify the effort needed to use differences between the stakeholders for a dialogue on leveraging social change by giving access to seed. Our recommendation is to proceed with a sound market analysis and multi stakeholder dialogue to further investigate the views of different stakeholders and start developing a common agenda for the ATSI.

3.4 PROJECTIONS

Based on this research a first attempt was made to project the seed industry contribution to social change.

Recognition of a broader focus in terms of crops, farmers and ecosystems
Considering the large market and growth potential the industry is currently focused on the top 5 crops and the larger farmers which have skills, capacity and knowledge to optimally utilize the most advanced inputs. The potential contribution of the industry to agricultural development will be leveraged by incentives to engage other crops, smaller farmers and supporting other eco systems. The Index will leverage contribution by making this attitude transparent.

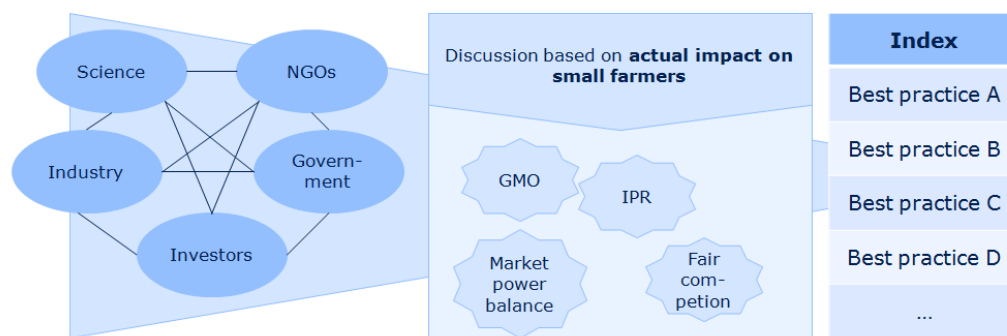
Enhancing seed driven social change in the longer run. The largest potential on the short run are the small commercial farmers segment. These farmers already have limited access to markets and some financial capacity. This group could be supported by the seed industry relatively as a first step. This step will evoke both a push and pull effects towards the subsistence farmers. The pull effect will be induced inspiring subsistence farmers to enter the system. The push effect will be induced by a learning industry opening up for smaller ecosystems.

A more detailed market analysis of the seed market and the needs of the different market segments is needed to better predict the dynamic between the segments and to decided where to start. The current hypothesis is to focus first on the small commercial farmers, who can afford to buy more advanced inputs and also can be trained more easily how to properly use it as part of an integral approach. Part of this hypothesis is that the segment at the bottom, consisting of hundreds of millions of small holder farmers will be attracted to do the same over time resulting in a real transition how to use improved input materials and how to properly use them. Also the role of local seed producers needs to be included in this market analysis.

4. THE WAY FORWARD

4.1 THE ESSENCE OF DIALOGUE

Bridging the gap between regular publications of the Access to Seeds Index and the current preliminary investigation requires a stage of extensive multi-stakeholder dialogue. A number of complex controversies exist between the different stakeholders. Therefore the objective will not be to agree on a comprehensive vision on all issues, but to determine what best practices are, in terms of social impact. The difference in their actual application will invoke replication, improvement and collaboration between stakeholders today known as opponents.

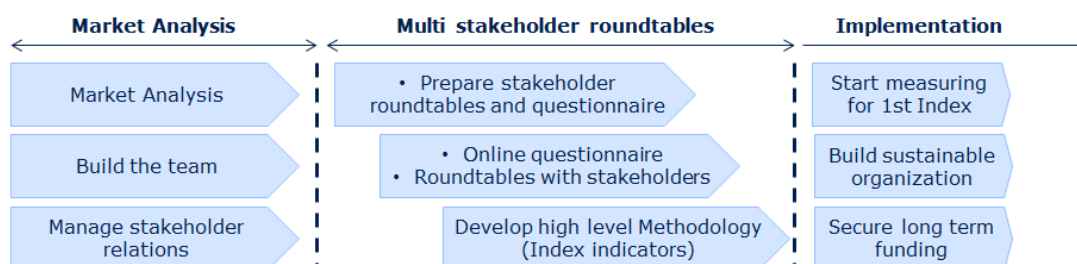


4.2 MARKET ANALYSIS AND PREPARING FOR THE DIALOGUE (STAGE 2)

An intermediate phase is required to prepare for the dialogue phase. Considering the complexity of the subject, many stakeholders recommended a careful preparation of the next step. Before the actual stakeholder dialogue can be started a number of supporting conditions should be secured. During the preparation phase also stakeholder relations need to be managed and expanded. And last but not least we need better insight into the market structure.

We like to better understand the needs of the different market segments from the bottom (smallholder subsistence farmers) to small commercial and finally up to the larger commercial farmers. We want to investigate their needs and behaviours and ways how to influence them to start properly using improved seed as part of an integral approach.

We also need more insights in the principles that make the seeds industry (national and global) engaging with others crops, smaller farmers and supporting sustainable eco systems. Best practices which clarify these principles can be of great value. This will provide us better insights in the potential impact of the Access to Seed Index.



In the next table below the objectives, activities, team and deliverables for the Market Analysis (stage 2) are specified.

	Market Analysis (stage 2)
Objectives	<ul style="list-style-type: none"> • More in depth insight into market structure and the needs of smallholders and small commercial farmers in Sub Saharan Africa and Asia • Prepare the stakeholders roundtables
Activities	<ul style="list-style-type: none"> • In depth desk research and interviews with agriculture experts who have extensive experience in Africa and Asia and with smallholders in particular • Market Analysis Sub Saharan Africa and Asia with specific focus on 3 countries (to be selected in the steering committee) • Interviews with NGOs active in Sub Saharan Africa • Feedback conclusions to participants feasibility study and manage contacts • Extend the network • Prepare for round tables
Team	<ul style="list-style-type: none"> • Project manager • Agricultural experts with knowledge of Sub Saharan Africa and Asia • Analytical support • Steering Committee
Deliverables	<ul style="list-style-type: none"> • Market analysis report with clear segmentation and needs of farmers in Sub Saharan Africa. • Detailed plan for roundtables • A website to show interested parties where we are aiming for and to update on progress
Duration	3-5 months

To keep the costs for the market analysis to an acceptable level we have chosen not to interview farmers ourselves, but to engage and interview experts who have worked in Sub Saharan Africa and Asia for the last 10-20 years and know the local situation very well. We plan to interview at least 20-25 experts in this field. After the desk research we will present our preliminary results to the steering committee and a decision will be made on which three countries we will focus for our more in depth analysis. Our assumption is 80% of the total potential impact can be realized in Sub Saharan Africa. We need to validate this in the market research and decide at the end of this stage to focus stage 3 entirely on Sub Saharan Africa or to keep a wider angle and include Asia as well.

4.3 COST OF MARKET ANALYSIS AND PREPARATION (STAGE 2)

Based on the developed plan the required budget is estimated on € 218.960- (including 19% VAT), to ensure that the activities can be executed as scheduled and the extensive stakeholder dialogue can be started afterwards.

Stage 2	Duration	Steering Committee	Project management	Analytical support	Seed business expertise	Total
Market Analysis	In weeks					
Activity						
Market Analysis	12-15	12.500	10.000	30.000	15.000	67.500
Feedback conclusions to participants feasibility study	In parallel		10.000	7.500		17.500
Extend the network	In parallel		10.000			10.000
Prepare Stakeholder Dialogues	In parallel	17,500	24.000	10.000	15.000	57.500
Build website	In parallel					15.000
Travel						7.500
Total	12-15	30.000	54.000	47.500	30.000	184.000

(all costs are excluded VAT, total budget including 19% VAT is 218.960 euro)

4.4 FACILITATING THE DIALOGUE (STAGE 3)

A process of twelve months for stage 3 is projected to establish a shared vision on the industries' contribution. Based on the experience with the Access to Medicine Index the draft requirements for the dialogue phase have been formulated. They are summarized in the next table.

	Multi-stakeholder roundtables
Objectives	Develop the Index Methodology (common agenda) based on a shared vision of business contribution
Activities	<ul style="list-style-type: none"> • Research on stakeholder positions • Online survey among stakeholders • Search roundtable chair(s) • Stakeholder roundtables with separate groups (in country consultations) • Publish a draft vision of the conclusions and high level common agenda • Discuss the vision with business community • Establish an Expert Review Committee • Develop and validate Access to Seeds Index Methodology specifications
Team	<ul style="list-style-type: none"> • Senior project manager • Agriculture experts • Roundtable chairs • Technical subject matter experts • Analytical support • Communication • Steering Committee
Deliverables	<ul style="list-style-type: none"> • Report of online survey • Reports of stakeholder roundtables • Overall report of all stakeholder roundtables with common agenda • ERC in place • Index Methodology specification • Plan for stage 4 including costs for publishing the first ATSI
Duration	12-16 months

In this stage the results of stage 2 will be discussed with representatives of different stakeholder groups. The main stakeholder groups are:

- NGOs (international as local in Sub Saharan Africa) for example: Oxfam, GreenPeace, WWF, Searice,. We plan to interview these NGOs individually before we invite them for the round tables. Representatives of farmers organisations like the East African Farmers Organisation.

- Governments (Western and Sub Saharan Africa). We aim to interview at least 3 Western Governments and 3 African ones.
- Companies (Western field crops as horticulture and local seed producers in Africa). We aim to interview around 10-15 Western Companies and around 10 local companies in Africa in different countries.
- Investors (SRI and Mainstream) to solicit their input and interest in an Access to Seeds Index (5SRI investors and 5mainstream investors in Europa and USA).
- Academia to cross check the methodology with the latest insights of science to make it as robust and evidence base as possible. We plan to interview 5experts of different Academia European, US and African based.
- Media to check the interest to generate media coverage of an ATSI. We will check the interest of different media separately, but not in a roundtable.

After the individual stakeholder consultations we will organize two roundtables with all stakeholders: one in Addis Ababa and one in the USA. After these roundtables we will have a good understanding about the topics of a common agenda. It will also be clear which controversies will remain among different stakeholders. These topics and controversies are important inputs for the next step: establishing an Expert Review Committee (ERC) to define the first methodology.

This ERC will have to gather at 2 times before an agreement will be reached on the indicators for the first Access to Seed Index. Negotiations have to take place so a well-respected authoritative chair is a very important condition to ensure a successful outcome. After each ERC meeting each participant has to validate the results with the stakeholder group they represent.

An important questions to be answered in this stage is whether the staple crops can be combined with horticulture crops in one Index or whether they need to be separated?

4.5 COSTS OF ROUNDTABLES AND METHODOLOGY (STAGE 3)

We have projected the costs for stage 3 below. These are based on the experiences of the Access to Medicine Index.

Stage 3 (Roundtables) Activity	Duration In weeks	Steering Committee	Project Manager	Analytical Support	Project Assistance	Funding Expert	Seed Expert	Communication	Other Costs	Total
Develop general approach roundtables and start up of this phase	2	2.500	2.400	3.000	3.000		2.500			13.400
Online survey among stakeholders	6	1.200	6.000	7.000	5.000		5.000	5.000	5.000	34.200
Search roundtable chair(s)	In parallel	1.200	2.400	600	600		1.200	1.200		7.200
Stakeholder roundtables (in country consultations)	16	7.200	18.000	46.800	25.200		8.400	20.400		126.000
Publish a draft vision	4	2.400	2.400	6.000	1.500	1.200	2.400	2.400		18.300
Establish an Expert Review Committee	4	4.800	6.000	9.000	4.000	1.200	3.000	6.000	5.000	39.000
Develop and validate Access to Seeds Index Methodology specifications	16	6.000	18.000	36.000	8.000	4.800	4.800	7.200		84.800
Final report and plan stage 4	3	3.000	5.000	6.000	6.000	3.000	3.000	6.000		32.000
Travel										78.250
Total	51	28.300	60.200	114.400	53.300	10.200	30.300	48.200	10.000	433.150
Travel	Guests	Steering Committee	Project Manager	Analytical Support	# People	Average Ticket	Hotels	Total		
First Roundtable	15	1	1	1	18	1.000	500	27.000		
Second Roundtable	10	1	1	1	13	1.000	500	19.500		
Science	0	1	1	1	3	750	0	2.250		
Governments	0	1	1	1	3	750	0	2.250		
Companies	0	1	1	1	3	750	0	2.250		
Subtotal								53.250		
Other Travel (ERC, etc.)								25.000		
Total								78.250		

The above amounts are exclusive VAT. The costs included 21% VAT are 524,112 euro.

4.6 DECISION PROCESS

We propose a steering committee to monitor progress of these stages. We suggest the following people to participate in this committee:

- Representative of Ministry of Foreign Affairs
- Representative of Ministry of EL&I
- Wim Leereveld as founder of the Access to Seed Foundation
- Ed Monchen as Chief Operating Officer of the Access to Medicine Foundation
- Peter Kustermans, managing partner of Boer&Croon

The Steering committee will convene four times for stage 2:

- At the start of the project
- After the desk research has been finalized to discuss the country focus
- To discuss an interim report with preliminary findings
- At the end of this phase to discuss the findings and next steps

The Steering committee will convene approximately each month for stage 3 and at least:

- At the start of the project
- After the online survey is finalized and the roundtables are prepared
- After the two roundtables have been held
- To discuss the overall report of the stakeholder consultations
- At the end of this phase to discuss the findings and next steps

The project manager will report into the steering committee and will signal potential major setbacks or deviations from the plan when necessary.

The Market Analysis phase will provide clear insights in the dynamics of the agriculture sector in Sub Saharan Africa and Asia and how the Access to Seeds Index can contribute to improve food security. The multi stakeholder dialogues will result in to the first Access to Seeds Index methodology and it also provides a clear plan for stage 4: publishing the Index one year later.

So after stage 2 and 3 potential funders are able to decide on:

- The potential impact of an Access to Seed Index:
 - who will benefit and what is the size of these groups?
 - who will not benefit and does it matter?
 - what will be the impact on national systems of seed production?
- A first indication of required aspects in an Access to Seed Index:
 - in order to enhance good practices in a seed industry engaging with others crops, smaller farmers and supporting sustainable eco systems
- The activities and costs required for publishing the first Index
- Potential risks and challenges

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