

The Nestlé Creating Shared Value Prize

2016





Honey Care Africa: Nestlé Creating Shared Value Prize winner in 2014.

“Nestlé’s Creating Shared Value Prize facilitates the application of CSV to all kinds of innovative activities in developing countries. For me, it has been an important demonstration that CSV is not just the domain of large corporations, but that it can and should play an equally significant role at a smaller scale of activity. Through the prize, Nestlé shares some of the value it has created with smaller entrepreneurs. They, in turn, share the value that they create with their partners and beneficiaries.[...]”

Werner Kiene, Chairman
Board of Trustees, Marine Stewardship Council
and Expert in the CSV Prize Rural Development
Screening Committee



The CSV Prize 2016

Launched in 2009, at the first Creating Shared Value Forum in New York, the CSV Prize has the objective to encourage and reward innovative projects, inclusive businesses or social enterprises that reflect the spirit of Creating Shared Value whilst addressing challenges in the areas of nutrition, water or rural development. Winning organisations share a total of CHF 500,000 in prize monies.

For the CSV Prize 2016, we have received 450 applications. Nine internal, nine external experts and our CSV Council selected in four screening phases the very best two finalist programmes: Agro-Hub from Cameroun and Natural Extracts Industries from Tanzania. Be the first and get to know the two finalists in this publication before the winner announcement will be made at the CSV Forum.

In 2014, we awarded the CSV Prize to one winning and two runner-up organisations from East Africa: Honey Care, MSABI and Sanergy. Learn in this publication how the three organisations have invested the prize money, how they have been able to scale up, and how they have benefited from the collaboration with Nestlé.

For organisations that have missed to apply for the 2016 edition, there is good news: the application process for the CSV Prize 2018 will be launched in 2017. You can nominate any business-oriented initiatives that meet the CSV Prize criteria.

Visit our website for regular updates:
www.nestle.com/nestlecsvprize



NATURAL EXTRACTS INDUSTRIES

Pioneering the sustainable extraction of vanilla



Tanzania

BACKGROUND

NNatural Extracts Industries (NEI) Ltd., is a social enterprise pioneering the sustainable extraction of flavours in Tanzania. Founded in November 2011, NEI has established an integrated value chain for the production of natural flavour extracts from vanilla, cacao and orange. It has also developed a cost-effective manufacturing process to add value to the products of the small-holder farmers it works with. These extracts



INCREASING FARMERS' INCOMES, PROMOTING BIODIVERSITY AND BUILDING CLIMATE CHANGE RESILIENCE

As part of its supply chain strategy, NEI partners with and builds capacities amongst local farmer groups and cooperatives to ensure produce supply is consistent and reliable. The company also works to ensure that farmers receive fair prices for the commodities they produce. The benefits of boosting farmer incomes and invest in developing capacities in efficient and climate-smart techniques are manifold. Since smallholder farmers comprise a substantial part of the rural poor demographic - those living below 1.25 or 2.50 USD per day, increases in income brings about important improvement in their living conditions. Moreover, as farmers living in close proximity to national parks and marine



are being currently sold to the food processing and hospitality industries as well as to commercial bakeries. To date, sales to regional (Tanzania, Kenya) and international (USA, UK) markets have surpassed 100 million Tanzanian Shillings (USD 50,000).

reserves gain access to alternative economic activities, there is less pressure to use restricted resources, also reducing the impact on wildlife and biodiversity. Additionally, NEI encouragement of climate-smart agricultural practices, like agroforestry, intercropping, biopesticides, drip irrigation, mulching and composting increases farmers' resilience to climate shocks. To date, NEI has established a network of 1,000 farmer households from whom it procures the vanilla and other raw materials it requires for its operations.

PATH TO SUSTAINABILITY AND TO OVER USD 6 MILLION IN DIRECT IMPACT

The CSV Prize money will allow NEI to become more financially robust as well as to increase the scope and reach of its activities. Its Agricultural Supply Programme will be expanded to new geographies and will allow it to reach more farmers and deepen the relationship with them. The expected yearly incremental income to participating



farmers of USD 280 will reinvigorate local economies as well as to reduce human pressure on the surrounding forested land, which will reduce deforestation.



MEETING THE CSV PRIZE WINNERS

Juan Guardado Co-founder of Natural Extracts Industries

What is your background and why did you join Natural Extracts Industries?

Many of the reasons for founding NEI come from my years growing up in developing countries. Having seen the face of poverty and inequality up close and personally, I developed an innate need to align the interests of business and community in an effort to reduce life's inequities.



What was your aha moment?

At the very beginning, we began prospecting the different types of crops that could increase farmer income, could be intercropped and not require vast tracts of land – in other words, a crop that would be appealing both to the global markets and to the smallholder farmer – and where we could add value through basic manufacturing. After having explored many different crops, we received a sample of very high quality vanilla pods. Initial tests showed that we could produce an all-natural product that would be attractive to the market.

How does Natural Extracts Industries create value for society?

NEI's business model is predicated on creating value for business and

community alike. On the business front, we offer customers a natural product that follows the global clean-label trend. For the community, the incremental income received by farmers enables women and youths to succeed without having to migrate to urban centres, where they may not even find employment. Vanilla is a high value crop which can yield good returns even on small plots of land.

What were key challenges on the way?

We encountered countless infrastructure and bureaucratic challenges along the company's life to date. These included power shortages, expensive transportation links (reducing our price competitiveness), and general bureaucratic challenges (it has taken us more than two years to get standards approval for products that are generally recognised as safe).

How would Natural Extracts Industries benefit from winning the Nestlé CSV Prize 2016?

The Nestlé prize would bring to us a combination of financial strength and bolster our credibility. We plan to invest the prize money on expanding the number of farmers supplying to us, allowing us to maintain the subsidy scheme we introduced to reduce barriers to entry.

For more information, please visit:
www.nei-ltd.com



AGRO-HUB

Helping cassava farmers gain access to markets



Cameroon

BACKGROUND

Agro-Hub is an agricultural production and marketing agency in Buea (Cameroon) working to help small scale farmers gain access to sustainable markets. It provides opportunities



for smallholder farmers to generate significant additional income from the production, transformation and sale of local produce. Agro-Hub has created an efficient value chain by training and supporting farmers with inputs and capital, and by organizing them into groups and clusters, under one cooperative. Agro-Hub has built a small-integrated factory to transform cassava into starch and garri, a type of tapioca, and sell it to its network of consumers and through its own fresh food store (Agro-Mart). So far, the agency has helped over 1,000 farmers increase productivity and income as they build

long-term sustainable relationships with buyers.

CONNECTING SMALLHOLDER CASSAVA FARMERS WITH MARKETS

Agro-Hub supports the marketing and distribution of Cameroon's staple agricultural products at home and abroad. Cassava represents around 46% of national food crop production and 20% of cultivated land. It is grown by nearly every farming family in the country and around 90% of cassava producers are rural poor women. This tuber is pivotal to food security in Cameroon. Cassava and its bi-products constitute 30% of



daily caloric intake and the main foodstuff for seven to eight million people in the country. Recently, with the help from some government programmes, there has been a significant rise in cassava production but this has not been met with

the development of downstream linkages in the value chain. Agro-Hub has filled that gap, successfully connecting farmers



with markets through the transformation of cassava into added value goods.

UPGRADING THE FACTORY AND LEVERAGING IMPACT TO 5,000 FARMERS

The CSV Prize funding will be used to upgrade the cassava factory. With the CSV Prize money, Agro-Hub hopes to make significant increases in yearly production. The overall objective is to

reach 5,000 farmers through increased production, training and employment opportunities in the factory. Ultimately, strengthened farmers' capacities and a more robust cassava value chain will contribute to improved food security and living conditions in the impacted communities.



MEETING THE CSV PRIZE WINNERS

Atem Ernest Lefu Co-founder and CEO of Agro-Hub

What is your background and why did you join Agro-Hub?

I am a rural development professional and social entrepreneur. Born into a family of farmers, I have experienced firsthand the challenges faced by rural farmers. I have co-founded other start-ups like Agro-World, Dellioti Corporation and Resource Center for Environment and Sustainable Development. I believe agriculture is the



future and organic produce will become the next precious commodity.

What was your aha moment?

As a child I used to follow my parents to the farm. I often wondered why we used to work so hard, carry so many products to the market and yet not being able to pay my school fees. We remained in this poverty cycle, working very hard but getting poorer and poorer. I decided to quit my job and together with my friends started an agricultural company that organises farmers' production and marketing while turning them into entrepreneurs through cooperation.

How does Agro-Hub create value for society?

Agro-Hub has been able to link farmers to markets, increasing sales at more competitive prices. Agro-Hub has trained over 2000 farmers in south west Cameroon, impacting them with the spirit of entrepreneurship and strengthening their production and marketing skills. Buyers, on the other hand, have received access to the right products at a stable supply.

What were key challenges on the way?

At the beginning, the production processes were carried out manually. It took us three days to transform garri, five days for starch, three days for flour and two days for waterfufu. We then moved to semi mechanisation with a small factory and our starch process reduced to three days, garri in two days, flour in two days and waterfufu in two days. Initially, it was very challenging to build a trustworthy relationship with our farmers as they resent a lot of government projects that over promised them and eventually do not meet up.

How would Agro-Hub benefit from winning the Nestlé CSV Prize 2016?

The Nestle CSV Prize would help us in establishing a modern integrated starch and garri factory. With this factory, we would be able to reduce the starch/garri production process to one day or a few hours, potentially increasing our production to 10 tons of starch per week.

For more information, please visit:
www.agro-hub.com

HONEY CARE AFRICA

Progress update

2014 CSV Prize
WINNER

South Sudan

A SWEETER SOUTH SUDAN

Honey Care Africa is a fair trade honey company. It supports thousands of rural smallholder farmers in South Sudan, helping them become commercial beekeepers. The farmers gain additional income producing honey in an area where the equatorial forests provide a rich source of nectar for the bees.



With the prize money, Honey Care Africa has established 29 bee-keeping groups comprising 753 beekeepers. More than 560 group members have received free training on best practices. The partnership continues to be a creative one: our Equatorial African region team is also exploring distribution opportunities for Honey Care honey in our food and beverages supply chain, and beekeeping opportunities for our coffee farmers.

"The recognition and credibility of the award has resulted in important new relationships, and the long-term partnership with Nestlé has already expanded well beyond the prize."

Madison Ayer

Chairman and CEO, Honey Care Africa



Nestlé CEO Paul Bulcke handing over the CSV Prize 2014 to Honey Care's Madison Ayer at the Nestlé Research Centre in Lausanne on October 9, 2014.

SANERGY

Progress update



Kenya

SUSTAINABLE SANITATION IN AFRICA'S INFORMAL SETTLEMENTS

Sanergy is a social enterprise that designs and manufactures low-cost and high-quality sanitation facilities for informal settlements in Kenya. It produces Fresh Life Toilet facilities and franchises them to local residents who receive training, access to finance and the ongoing support they need to maintain the business. Overheads and capital expenditure costs are recovered through the collection and conversion of waste into reusable byproducts, such as organic fertiliser.



Sanergy employees have benefitted from an ongoing mentorship programme from senior management at the Equatorial African Region office.

The Nestlé team has been able to share expertise in finance, human resources,



IS/IT, supply chain, sales and corporate affairs.

Using the prize money, Sanergy has franchised 165 new toilets, reaching more than 45,000 residents in low-income urban areas.

"The Nestlé Creating Shared Value Prize enabled Sanergy to develop a great network of partners, mentors and peers as we work to scale up our operations throughout Nairobi."

David Auerbach
Co-Founder, Sanergy

MSABI

Progress update



Tanzania

TRUE LIFE WATER POINT

MSABI is a not-for-profit organisation that runs one of the largest rural water, sanitation and hygiene programmes in Tanzania. Water points are established through a market-based approach and installed by locally trained service providers. Selected for its True Life Water Point programme, MSABI specialises in reaching remote rural communities at the end of the delivery chain using local transport, bicycles and motor bikes.



Using the prize money, MSABI has set up 12 water points, which benefit 3,656 people, and established four new maintenance contracts to ensure a sustainable supply of water for around 11,000 people. Importantly, 12 service providers have been trained and the team is continuing to develop its monitoring platform.

MSABI employees in sales, supply chain, human resources, corporate affairs and finance have been able to engage with the Equatorial Africa management team. This helps them acquire various skills, enabling them to become even more efficient in performing their daily tasks.



"The Creating Shared Value Prize is a great opportunity for innovative organisations to achieve international recognition and inject the necessary resources to grow exciting social enterprises that benefit society."

Dale Young
Founder, MSABI

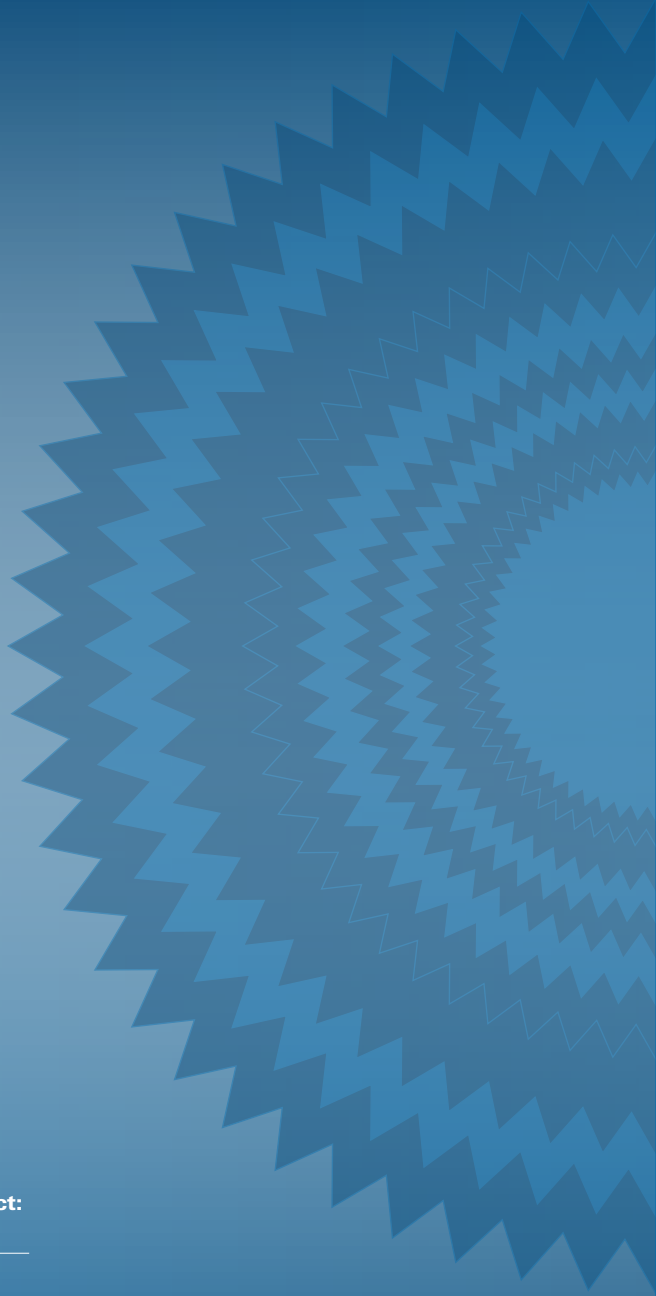
Any innovative programme in **nutrition**,
water or **rural development** in mind?

Nominate innovative,
commercially viable
and **high impact**
initiatives for the
Nestlé Prize in
Creating Shared Value

2018

Application process will open in **2017**

For more information, please visit:
www.nestle.com/nestlecsvprize



For more information please contact:

CSV Prize Team

E-mail: CSVPrize@nestle.com

Website: www.nestle.com/nestlecsvprize
