



Beyond just buying

Investing in equitable value chain partnerships with smallholders

Edited by Isabela Núñez del Prado Nieto and Nicola Sorsby

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Cover image: BMAC's wood processing factory. Credit: Phung Binh Minh/BMAC

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Abbreviations and acronyms

APB Porvenir	Asociación de Productores del Bosque Porvenir (Association of Porvenir Forest Producers)
BMAC	Binh Minh Agroforestry Co-operative
Ecolasa	Empresa Comercializadora Lachuá, Sociedad Anónima (Lachuá Trading Company, Public Limited Company)
FAO	Food and Agriculture Organization of the United Nations
FFF	Forest and Farm Facility
FFPOs	Forest and farm producer organisations
FGCFA	Federation of Gambia Cashew Farmers Association
FSC	Forest Stewardship Council
Fundalachuá	Fundación Laguna Lachuá (Laguna Lachuá Foundation)
GIZ	German Agency for International Co-operation
LIFFT project	Linking Infrastructures, Finances and Farmers to Cashew
MoU	Memorandum of understanding
NGO	Nongovernmental organisation
SFL	Shelter for Life
USDA	United States Department of Agriculture
VNFU	Vietnam Farmers' Union

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A farmer harvests a rice paddy, Bangladesh. Credit: iFarmer

Summary

Over the past two decades, efforts to integrate forest and farm smallholders into modern value chains have aimed to achieve positive social and environmental impacts. However, business partnerships within these chains are often shaped by underlying power imbalances, failing to address deep disparities in information, resources and capacities. Because of this, smallholders can sometimes lack genuine representation and voice.

Instead, equitable value chain partnerships should invest in smallholder producers and their organisations in ways that go beyond just buying. Companies should provide a bundle of services to smallholders such as finance, inputs, skills, access to markets and more. Equitable partnerships should also invest in the broader local community, considering the interconnected systems at the landscape scale and the diverse markets that sustain them. This should ensure the long-term health and resilience of the environments and communities from which companies source their products, ultimately strengthening their business through a sustainable and resilient supply.

Building on insights from *Business unusual: how business and investment pioneers are transforming forest and food supply chains*,¹ this report presents six case-study examples of equitable value chain partnerships between smallholders and companies from Bolivia, The Gambia, Vietnam, Guatemala, Tanzania and Bangladesh. The case studies represent partnerships that those involved consider to be positive and beneficial, if not perfect. They serve as examples for companies and producer organisations seeking to build more equitable and sustainable partnerships. The report also adds a particular focus on understanding these partnerships from the perspective of the smallholders. While none of these partnerships are without challenges or tensions, each offers valuable insights and lessons for those working to foster equitable value-chain relationships in the forest and farm sector.

But despite positive examples, truly equitable partnerships remain relatively rare. Many still depend on external facilitation or funding, raising questions about long-term sustainability and power dynamics. Furthermore, when companies purchase only raw or unprocessed goods, they may limit

producers' ability to move up the value chain — though such arrangements can also reduce risk and cost. Therefore, this report concludes with recommendations for companies seeking to engage in more equitable value chain partnerships with smallholders, as well as nongovernmental organisations (NGOs) and other stakeholders involved in brokering and nurturing these partnerships. Companies should invest in smallholder producers and their organisations in ways that go beyond just buying by:

- Investing in smallholder operations and/or infrastructure (such as storage, processing, equipment, supplies and transport facilities).
- Building the capacities of smallholder producers and their organisations to enable them to improve products and processes.
- Offering prefinancing to farmers or financing aligned to the seasonal harvests. This helps farmers to manage their cashflow and avoid investing their own money in farming inputs or making loan repayments before harvesting their produce.
- Not creating dependency by limiting contracts that prevent smallholders from selling their produce elsewhere. Producers should be free to walk away if a partnership is not working for them.
- Offering bundled services to producers in one place (financing, farming inputs, training and advisory services). This helps to simplify and streamline smallholders' operations and reduces the need to work with multiple companies or organisations all offering different services.

NGOs, practitioners and other stakeholders facilitating these partnerships should:

- Support equitable value chain partnerships to become sustainable and reduce their reliance on external financing (for example, by offering seed investments into a company or partnership to support it until it can generate its own cashflow).
- Encourage companies to invest directly in FFPOs' missions instead of relying on third-party organisations for this role. This could mean investing directly in financial or operational support, infrastructure, equipment, supplies or transport facilities.



Rice plants. Credit: iFarmer



Cacao fruit growing on a tree. Credit: Andres Medina via Unsplash

1. Why equitable partnerships matter

Over the past two decades, strengthening business linkages with smallholder farmers and integrating them into modern value chains² have been central to rural development efforts, aiming to drive investment, opportunities and sustainable livelihoods in rural areas.⁴ However, research suggests that partnerships within these chains are frequently shaped by underlying power imbalances, often marginalising the voices of smallholders and causing negative social and environmental impacts.⁵⁻⁸

Companies within these value chains engage with smallholder forest and farm producers typically employing modalities such as joint ventures, contract farming and other types of contracting to structure these partnerships. In joint ventures, the company and smallholders are co-owners which translates into sharing profits and risks in an equal manner. However, complex accounting can sometimes obscure transparency and limit dividends for smallholders.⁹ In a similar way, contract farming is an arrangement where farmers agree to produce and sell crops or livestock to a buyer under pre-set terms. This model can provide smallholders with a stable income and access to credit, as well as inputs such as seeds or technical support; however, it can also lead to exploitative practices if agreements are unfair.⁹ Farmers usually bear the production risks, while

companies may take on market risks under guaranteed purchase terms.

No single modality seems to be considered the most equitable by itself; it is dependent on many factors including the level of organisation and capacity of the smallholders to engage in business, the country regulatory frameworks, and the specific details of the partnership arrangement.⁸

As mentioned, there have been a range of initiatives to integrate smallholders into modern value chains to achieve positive social and environmental impacts. These include certification schemes, for example, to increase the income of farmers through price floors or an attempt to provide premiums for environmental standards (such as the Fairtrade or Forest Stewardship Council labels). Another initiative involves direct trade, which refers to reducing intermediaries in the chain. Although these are welcome efforts, research shows how they fall short in achieving their distributive goals or achieve them at the cost of other priorities.⁶

The erosion of price premiums and alignment with buyer preferences limit the effectiveness of environmental standards in promoting sustainable practices that create

opportunity costs for farmers.¹⁰ There has been longstanding criticism of the audit costs of certification schemes such as the Forest Stewardship Council that disproportionately affect smaller businesses — which have led calls, for example for Fairtrade timber.¹¹ But research on Fairtrade certification itself reveals significant challenges in achieving equitable benefits for producers. While it offers price premiums and social premiums to mitigate price risks, much of the economic value remains in consumer countries, empowering multinationals, processors and retailers.¹²

Direct trade is a sourcing model emphasising transparency, high quality and direct relationships between farmers and buyers.¹³ While the model can generate high retail prices, the share of value reaching farmers is often not significantly greater, and production costs for premium quality are high.¹⁴ It is also possible that a focus on individual sales may undermine local collective models based on co-operation, hollowing out institutions set up to mitigate risk.¹⁵ Long-term contracts can also limit farmers' ability to capitalise on rising market prices.⁶

Research also highlights that direct trade based on individual agreements can inadvertently reinforce local inequalities, as benefits can be captured by a few individuals within producer communities, underscoring the need for more inclusive and equitable implementation strategies.¹⁶ Value chain partnerships must empower and invest in the wider community and must involve benefitting the poorest to avoid increasing inequalities.⁸

The fact is that often forest and agrifood value chain partnerships remain inequitable, often failing to address deep imbalances in information, resources and capacities. Because of this, across partnership modalities, smallholder organisations can sometimes lack genuine representation and voice.⁷ In some cases, power relations can be more important than product quality in defining prices; for example, particularly when smallholders do not have the negotiating capacity or the market information.¹⁷

Additionally, the hopes of smallholders' inclusion in value chains have not delivered the expected broader impacts, as evidence is inconclusive about the abovementioned efforts having any impact with respect to reducing poverty, increasing income and equity, and delivering more environmental sustainability.^{4,8}

There is a need for partnerships that adopt an equitable model, which includes a holistic approach in terms of providing a bundle of services to smallholders, such as finance, inputs, skills, access to markets and more.⁴ Beyond this, equitable partnerships should not only engage with smallholder organisations but also invest in the broader local community. These models should consider the interconnected systems at the landscape scale, as well

as the diverse markets that sustain them, to ensure the long-term health and resilience of the environments and communities from which they source their products. Given that many conventional company-smallholder partnerships have failed to meaningfully benefit smallholders — who often lack the leverage to improve these terms — there is also a strong case for demonstrating how more inclusive, supportive models can also create long-term business value for companies through greater supply security, reputation gains and more resilient sourcing systems.

This report builds on insights from *Business unusual: how business and investment pioneers are transforming forest and food supply chains*.¹ *Business unusual* presents a collection of case studies that feature business models in the forest and farm sector that regenerate and distribute a diversity of social, natural and economic benefits, while strengthening social bonds and bonds with nature. It includes examples of companies that work with smallholders by building trust and social capital, nurturing relationships with a holistic approach and learning together to advance social, environmental and economic objectives.

Complementing that work, which spread a wider net to cover various actors involved in value chains, this report focuses particularly on partnerships between smallholders and buying companies. It also adds a particular focus on understanding these partnerships from the perspective of the smallholders.

Section 2 outlines the methodology used for selecting the six case studies. Section 3 presents the case studies from six countries, exploring the characteristics of each partnership, alongside key takeaways. Finally, Section 4 synthesises these insights, discussing overarching lessons and providing actionable recommendations for companies and practitioners to foster equitable and sustainable partnerships with smallholders.



Honey bees flying into beehive. Credit: Kai Wenzel via Unsplash

2. Method

The selection of the six case studies featured in this research report follows the process often used by the Forest and Farm Facility (FFF)¹⁸ to cocreate knowledge with forest and farm producer organisations (FFPOs).^{19,20} The process begins by identifying a topic of interest for FFPOs to collectively prioritise areas for knowledge generation. Once a topic is established, FFF ensures a shared commitment by selecting exemplary FFPOs where meaningful lessons can be drawn. To provide context, a researcher-led literature review is conducted. This is followed by the development of case studies, written by or in close partnership with FFPOs, which offer detailed insights into their experiences. Collaborative learning events are then organised to facilitate the exchange and integration of findings, culminating in the creation of various knowledge products.

Following this process, FFF country facilitators and FFPO leaders recommended four cases of FFPO partnerships with buying companies that they considered particularly successful and instructive. To broaden the geographic scope and diversify insights, two additional cases were selected using the methodology from the earlier *Business unusual* report¹ incorporating recommendations from IIED networks and a search of B Corp-certified companies. This report's method includes a more in-depth exploration of each case study, including extended research that involved desk-based

research and various direct interviews with the companies and the smallholder producers led by an in-country consultant with guidance from the editors.

The data collection and analysis of each case study focused on several key elements to provide a comprehensive understanding of the partnerships. These elements included the terms and conditions of the partnership, as well as its origin and evolution. Specifically, we sought to understand the company's investment in smallholder producers, examining the extent and nature of support provided to enhance livelihoods and resilience. Particular attention was given to equitable aspects of the partnership, assessing how benefits, risks and responsibilities were distributed among stakeholders. Challenges and tensions within the partnerships were explored to understand barriers and opportunities for improvement. Finally, the role of third-party organisations, such as nongovernmental organisations (NGOs), in facilitating and supporting these partnerships was examined to highlight the importance of external actors in fostering equitable and sustainable collaboration.



3. Case studies

Following the methodology outlined in the previous section, six case studies from different countries were selected. Table 1 provides an overview of these cases and the subsequent sections delve deeper into the parties involved, the nature of their partnerships, and the key takeaways.







The intention behind this collection is to present case studies that can serve as examples for companies and producer organisations seeking to build more equitable and sustainable partnerships. Ideally, these cases would demonstrate companies investing meaningfully in smallholder producers and their communities, integrating them as decision makers within the business model. However, the search for such exemplary partnerships, both within the FFF network and beyond, revealed the challenges of identifying cases that fully meet these aspirations. Indeed, despite over a decade of FFF support to smallholders in building sustainable businesses, in most countries no examples could be found of companies going beyond purchasing at minimum cost, with little to no investment in producer organisations or

production systems. This highlights a critical gap for those relying on the private sector or blended finance to drive long-term climate and development solutions.

Consequently, the selected case studies represent partnerships that those involved consider positive and beneficial, if not perfect. They include a diverse range of partnership types: some are long-standing, others have ended, and a few are at an early stage but hold promise. Two case studies are about companies using innovative, partnership-based approaches with individual smallholders rather than FFPOs.

While none of these partnerships are without challenges or tensions, each offers valuable insights and lessons for those working to foster equitable value chain relationships in the forest and farm sector.

Table 1. Summary of selected case studies

Country	Producer organisation	Company	Type of partnership	Value chain
Bolivia 	APB Porvenir ²³	Natur and Natessent	Shared-risk venture and commercial agreement	Acai and royal palm ²⁴
The Gambia 	FGCFA ²⁵	Munduk	MoU with NGO	Cashew
Vietnam 	BMAC ²⁶	Nafoco and Hoa Phat	MoU and various contracts	Timber
Guatemala 	Fundalachuá ²⁷	Ecolasa and Uncommon Cacao	Contractual agreements	Cocoa ²⁸
Tanzania 	Individual producers	Upendo Honey	Contractual agreements	Honey
Bangladesh 	Individual producers	iFarmer	Registration to online platform; light contractual agreements to access finance	Various

3.1 Bolivia

Asociación de Productores del Bosque Porvenir

Adita Montaña Rioja and Boris Fernández Arancibia



Processing acai berries. Credit: Raúl Pérez/FAO

This case study presents the Asociación de Productores del Bosque Porvenir (APB Porvenir — the Association of Porvenir Forest Producers in Bolivia), which produces acai and royal palm for two companies: Natur SRL and Natessent SRL.^{29,30} Natur exports freeze-dried acai to international buyers and Natessent produces cosmetics from exotic fruits of the Bolivian Amazon.

Producer organisation

APB Porvenir is an FFPO with 143 members of the Porvenir community in the Chiquitano region of the department of Santa Cruz in Bolivia. The Porvenir community belongs to the Chiquitano Indigenous people in what is known as the Bajo Paraguá community territory. They manage 40,000 hectares of natural forests, from which they harvest non-timber forest products (NTFPs) under an approved forest-management plan.

The FFPO is comprised of local community members of Chiquitano —Guarasugwe Indigenous origin and is dedicated to the processing of acai pulp (*Euterpe precatoria*) and other species such as royal palm (*Mauritia flexuosa*). Its strategic objective is to produce products derived from the fruits of the local forest directly to an international market without going through intermediaries, maximising the economic benefits for its members.

APB Porvenir has been legally established since 2021 and has managed to grow its operations since then. It now has a processing plant which provides employment to local community members. Throughout its 13 years in operation, it has generated an income of over 10 million Bolivianos (about US\$1.4 million) through exports of freeze-dried acai pulp. APB Porvenir has strategic alliances with two companies, Natur and Natessent, which have been key in strengthening its commercial activity. Both companies are based in Santa Cruz in Bolivia.

Companies

Natur is a private company that started activities in 2014. It has become the main strategic partner of APB Porvenir for the production of acai fruit. The company is dedicated to the sale and export of freeze-dried products with international standards and is committed “to quality, continuous innovation, integrity in our business practices, and the promotion of social and environmental responsibility” (Natur). The FFPO sells around 80% of its acai pulp to Natur. Of the 150 tonnes of acai sold annually by the FFPO, approximately 120 tonnes per year of its total production is freeze-dried by Natur, which then exports the final product to Europe.

Natessent is an industrial cosmetology laboratory that supports national biocommerce and acquires exotic fruits from the Bolivian Amazon as raw materials. The name derives from the words “natural” and “essence”. The company seeks to transform the natural wealth of Bolivia into toxic-free products of natural and local origin. Their business vision is to “strengthen ties with Indigenous communities, so that they are the main suppliers of raw materials”.³¹ The alliance with Natessent allows APB Porvenir to expand its market not only in the food sector but also in the cosmetics sector, thus entering a new niche of end consumers.

Partnership

APB Porvenir has commercial partnerships with both Natur and Natessent based on the purchase and sale of acai and royal palm respectively. APB Porvenir supplies these materials, while the companies search for new markets as well as supporting production capacities.

The commercial relationship between APB Porvenir and Natur began in 2014, after the manager of Natur met with members of APB Porvenir at an event organised by a trade association in 2010. At this time, APB Porvenir had a good-quality acai pulp product, but they did not have adequate equipment to process the pulp at large scale. The role of Natur in the partnership was primarily to create a market for the FFPO’s acai and to support them in improving production capacities. APB Porvenir’s role was to supply good-quality acai that also came with environmental and social credentials. This has contributed to elevating the product’s appeal to new markets.

To access these markets, APB Porvenir obtained organic certification from bodies such as the Forest Stewardship Council (FSC), the United States Department of Agriculture (USDA) and European Union. This was also made possible thanks to other stakeholders that supported APB Porvenir through different projects, such as the German Agency for International Co-operation (GIZ), FFF and other local NGOs. Maintaining these standards and certifications are the responsibilities solely of APB Porvenir.

APB Porvenir and Natur have worked together to improve the acai product in terms of quality and quantity and to make it competitive in an international market. In 2021, APB Porvenir processed 151.3 tonnes of acai pulp,³² which is more than double the production when it started in 2014. APB Porvenir supplies the acai pulp to Natur to be processed into a freeze-dried product for export.

The initial relationship with Natur was one of purchase and sale of raw materials, but this relationship has evolved over time. Natur cares about the challenges that APB Porvenir and its community faces and works with them to find solutions. For example, Natur has advanced payments prior to harvest, provided technical assistance through training to staff, and has developed guidance for better use of the processing plant.

For the past eleven years, Natur and APB Porvenir have collaborated under a structured partnership. In November 2023, this collaboration was formalised through an *asociación accidental* (temporary association) contract.³³ The partnership is designed as a shared-risk venture, detailing a comprehensive production and marketing plan with a partnership duration of 60 months. Both parties commit to contributing capital, labour, infrastructure, administration and other resources. Profits — if realised — are equally divided, while risks and potential losses are also shared equally. Currently, APB Porvenir holds a 5% stake in Natur with the intention to increase this to 10% in the near future. While the partnership’s income has covered production and operational costs, it has yet to generate liquid profits or direct financial benefits for APB Porvenir. However, the collaboration continues to build on its potential for future growth and profitability.

The partnership between Natur and APB Porvenir has made it possible to consolidate secure sales per harvest, export the product, improve the performance of the processing plant, increase employment and demonstrate that an economic activity such as the sale of acai pulp is sustainable over time for the benefit of the community and the conservation of their territory. There are several positive impacts noted as a result of the partnership. Jobs have been created for male harvesters (50) and women (30) in the processing plant, improving the local economy for families and helping to reduce migration to urban areas. APB Porvenir have also invested in local community development, improving access to electricity and clearing access roads to harvest areas.

Going forwards, APB Porvenir would like to sell the end product to obtain greater profits. The idea would be to pay Natur for its freeze-drying services, while APB Porvenir benefits from the sale of the fully processed product. However, the challenge here is for APB Porvenir to find new customers for its product.



Acai berries. Credit: Raúl Pérez/FAO

The commercial relationship between Natessent and APB Porvenir began in 2019. They met through the facilitation of GIZ who was supporting the FFPO with a project. APB Porvenir is an ideal supplier for the company, since they have an organisational policy to source their raw materials from local suppliers within Indigenous communities and specifically to support women. Prior to the partnership with Natessent, the FFPO had not commercialised royal palm oil.

There are currently 11 different cosmetic products which are produced by Natessent using materials sourced from APB Porvenir. The FFPO delivers the royal palm oil to the laboratory to be manufactured into cosmetic products, and the laboratory then delivers the final products to APB Porvenir ready for marketing. Both the FFPO and the laboratory are responsible for the sale of these final products and subsequent accountability and profits are distributed between the two organisations. The pricing of final products is established with full transparency, based on a thorough analysis of production costs, raw materials and transportation. APB Porvenir proposed a price for the raw material that Natessent accepted without negotiation to ensure a fair compensation for the women involved in producing the oil.

In the future, the laboratory intends to develop new product lines to produce natural cosmetics from other local fruits of the forest, benefiting the communities and the work of Indigenous women in the region. APB Porvenir hopes to be able to supply acai to the laboratory in addition to royal palm oil, to develop a new line of products.

The partnership with Natessent has enabled APB Porvenir to diversify its product base and enter a new sales market for cosmetics. Natessent laboratory is willing to buy at a fair price any local fruit that APB Porvenir can harvest or process which can be made into cosmetic products. Natessent also provides training workshops for the women who are processing the royal palm oil and acai pulp. This is aimed at improving the product offered by the FFPO so that in the future they can register with their own brand and they can open an artisanal laboratory for the local sale of their own products, without passing through an intermediary such as Natessent.

Key takeaways

APB Porvenir's partnerships with companies such as Natur and Natessent have helped the FFPO expand its markets and improve production capacities. These partnerships have secured markets for acai and royal palm products, making its production an important economic activity for the community which is also environmentally sustainable and has increased jobs for women. Before, unsustainable economic activities were becoming more common among people in the

area, such as illegal logging and unregulated exploitation of other species.

It is also important to highlight that support from other stakeholders such as GIZ and FFF was a key contribution in the success of these partnerships, specifically in their support to APB Porvenir in obtaining the various certifications that enabled them to access Natur's market.

In both cases, the companies have entered a mutually beneficial partnership with the FFPO that goes beyond the usual supplier—buyer relationship. In the case of Natur, the partnership evolved to become a formal collaborative venture under the shared-risk agreement, where the profits and losses are distributed in an equal manner, and APB Porvenir has a 5% share in the company. Natessent, on the other hand, provides the services of transforming the oil into cosmetic products and shares the role of selling the end product with the FFPO, while distributing the profit accordingly.

A key takeaway is that as part of these partnerships, the companies have supported the FFPO to improve its operations and the quality of its products. This is contributing to APB Porvenir's future independence and avoids overreliance on intermediaries in the supply chain to sell and export their products. Both companies also benefit from this partnership by having a stable and good-quality supply of acai and royal palm with social and environmental credentials that enable them to charge a premium for the products.

The FFPO wants to move beyond being just a supplier of raw materials but also wants to be the exporter and the seller of its end product to new clients, without relying on buyer companies as intermediaries. Reducing the dependence on these companies would increase profits for the FFPO. For example, the support of Natessent in providing training for the women of APB Porvenir on processing raw materials into cosmetics can be very helpful for them to start selling these end products at a higher price. This will not change their relation with Natessent, as artisanal products will have a different, local market to the markets for products processed by Natessent. However, it helps APB Porvenir to add value to their products and generate more profits while accessing a different market.

In the case of freeze-dried acai, this remains a challenge for APB Porvenir, as they will need to invest in their own equipment for freeze-drying acai pulp or secure this as a contractual service from Natur. Their current dependency on Natur for more than 80% of their annual production remains a barrier, but it is worth mentioning that Natur also depends almost exclusively on them for its acai supply. It can be said that they have become dependent on each other and are growing together.

A key objective for APB Porvenir is to maximise the operations of its new integrated fruit-pulp and oil-processing plant. This will significantly increase production, allowing APB Porvenir to meet the production quantities required to secure the services of Natur exclusively for freeze drying.



View over Paragua river and Amazon rainforest, Bolivia. Credit: Raúl Pérez/FAO

3.2 The Gambia

Federation of Gambia Cashew Farmers Association

Almami Dampha and Kanimang Camara



Cashew trees. Credit: Ebrima Sowe/FAO

This study presents the partnership between the Federation of Gambia Cashew Farmers Associations (FGCFA) and Munduk Trading Enterprise, a company based in The Gambia specialising in the trade of cashew nuts and other crops. Munduk buys cashew nuts from FGCFA and its members, with support from Shelter for Life (SFL), an international faith-based NGO.

Producer organisation

FGCFA is a producer association which brings together 11 cashew co-operatives in The Gambia. It is an apex body, representing all the federated cashew co-operatives in the country. Membership to FGCFA is voluntary and it currently has a total membership of approximately 12,000 cashew farmers from 321 villages, with an estimated 24,000 hectares. Within this area there are no natural cashew trees; they are all planted and owned by individual families, private companies and individuals.

The co-operatives need to register to become members of FGCFA; the registration fee is 2,500 Gambian dalasi, equivalent to US\$35, plus an annual contribution of the same amount. The 11 farmer co-operatives currently registered under FGCFA produce an average of 18,000 metric tonnes of raw cashew nuts annually.

FGCFA's vision is to improve the livelihoods and working conditions of Gambian cashew farmers and increase institutional support to their affiliated member associations. They provide capacity building and training for their members in best production practices, leadership and accounting skills, as well as post-harvest loss, group management and bookkeeping. They can also facilitate links to buyers, donors and investors for their members, access to market information, and support to negotiate sales contracts and prices between member co-operatives and buyer companies.



Cashew fruits. Credit: Ebrima Sowe/FAO

FFF was crucial in the formation of the FGCFA through facilitation of dialogue between contending co-operative groups. FGCFA was established in 2016 and operates in three of the six administrative regions of The Gambia: the West Coast Region, North Bank Region and Lower River Region. It is affiliated to the National Farmers' Platform.

Company

Munduk Trading Enterprise is a limited liability company specialising in the export and import of groundnuts, rice and cashew nuts. Cashew nuts comprise around 70% of the business and the company is expanding its portfolio on cashew, sourcing it from as far away as Mali and Guinea Conakry. Munduk was registered in The Gambia in 2010 and works across the entire country, as well as having business outlets in Senegal, Burkina Faso and Mali. Its office is located in Serrekunda, not far from the Gambian capital city of Banjul.

Its vision is to promote and develop the cashew industry in The Gambia to create employment opportunities for young people and international trade for the government. Munduk currently controls around 25% of the cashew market in the country but faces heavy competition from Indian companies who dominate the rest of the cashew market through a large network of vendors and middlemen. Most of the raw cashew nuts harvested in The Gambia are bought by Indian companies and traders who visit the country during the harvest season; they largely determine the price of cashew in the country and have the advantage of better financial resources, technology, market information and international contacts.

Partnership

The partnership between FGCFA and Munduk was formalised through a memorandum of understanding (MoU) signed in November 2023. However, Munduk and FGCFA have been working together informally since before this MoU. The partnership was established so that FGCFA and Munduk could combine their resources and co-ordinate their activities to strengthen cashew nut production and marketing in the country through ensuring high-quality products, enhanced quantity, improved access to markets and better prices for the cashew growers. The partnership gives assurance to Munduk that cashew nuts will be available for them to buy while FGCFA is assured that its members will have a reliable market and stable prices. However, one important feature of the partnership is that it does not provide a monopoly to Munduk as a company. FGCFA members are not obliged to sell their nuts to Munduk: they are free to sell their products to other buyers or middlemen if they receive a better price or commission elsewhere.

The actual signatories of the MoU were Munduk and SFL, which signed the MoU on behalf of FGCFA. SFL took on the signatory role because the partnership was facilitated through an ongoing SFL project: Linking Infrastructures, Finances and Farmers to Cashew (LIFFT) Cashew Project funded by the United States Department of Agriculture (USDA).³⁴ Although there is no official contract between FGCFA and Munduk, they have worked together informally on the marketing of cashew nuts since long before this MoU was signed.

The partnership is especially valuable to Munduk since it faces stiff competition from the Indian companies which



Cashew fruits. Credit: Ebrima Sowe/FAO

dominate the cashew market in the country. Within the partnership, SFL is committed to assist Munduk to access financial resources by acting as a guarantor for Munduk to access bank loans and through the Cashew Fund, a public — private partnership fund in the USA for developing the cashew industry in Africa, the Pacific and the Caribbean. Munduk needs these funds to augment its share of the cashew market and to be in a better position to scale up prefinancing to the cashew co-operatives affiliated to FGCF. Offering prefinancing is important for Munduk since it would increase the chances of the cashew co-operatives selling their products to the company. For the co-operatives, prefinancing allows them to buy their members' produce directly from the farms and saves the cashew farmers having to take their cashews to market themselves. It is also important for the co-operatives to attract and recruit new members. Currently, the prefinancing portfolio of Munduk is small, but SFL has access to finance sources, such as the Loan Individual Guarantee facility and the Cashew Fund, that could enable Munduk to scale up its lending activities to cashew co-operatives.

Munduk also offers other incentives to co-operatives, including the provision of jute bags for packaging and storage and free transportation facilities to enable them to move their products to the weighbridge (used for weighing trucks), located in the main cashew depot in the groundnut processing industrial area on the outskirts of Banjul. Additionally, it provides single-bag weighing scales for farmers to weigh small quantities of cashew nuts free of charge at the depot, and allows farmers to temporarily use its storage facilities while waiting to use the weighbridge. The overall impact of these measures by Munduk has led to substantial savings for the co-operatives and thus improved the net income of the cashew farmers. Increased net income for farmers leads to improved livelihoods, especially for women and other marginalised groups.

Munduk also provides small, interest-free loans to the co-operatives for emergency cash needs such as weeding, fencing and bushfire control. These are agreed between the company and individual cashew growers. The loans are paid in kind during the harvest season and the company recovers its loan equivalent in cashew nuts when the farmers sell their product.

Also within the partnership, SFL is providing training to FGCF on best practices including pruning, thinning, nut separation, drying, storage, organic standards and new plantation establishment techniques.

Key takeaways

This partnership illustrates a way of working which brings mutual benefits to both FGCF and Munduk. FGCF members are supported in their operations bringing

substantial savings to cashew farmers — operational support which is not provided by the foreign buying companies. Munduk has increased its financial capacity to provide support to farmers and strengthen its position in the national cashew market. Another benefit is that the farmers are not dependent on Munduk, and have the freedom to sell elsewhere if better prices are offered, which gives them some negotiating power. Additionally, because Munduk is a local company, it remains present throughout the year to provide support for some of the challenges farmers face (such as fire management), whereas foreign companies only appear during the harvest season. In general, all parties involved agree that the partnership is crucial for developing the national cashew value chain, which would then maximise the benefits for the local producers.

The partnership is poised to grow over the coming years considering the opportunities for expansion in the cashew sector. Munduk is hoping to negotiate loans from SFL which will enable it to increase its prefinancing portfolio and offer other incentives to the cashew co-operatives under FGCFA.

However, there are several challenges. The partnership is currently overtly influenced by SFL because they are the signatory to the MoU instead of FGCFA. SFL provides most of the financial support and capacity building to FGCFA and is in charge of the MoU with Munduk. FGCFA does not currently have the resources to sustain and assert itself to be an equal partner with Munduk. The involvement and leadership of SFL seeks benefits for all involved and their support to FGCFA has been and remains key to its development, but for the partnership to become more equitable, FGCFA should become the signatory instead of SFL and lead the process more visibly.

Since FGCFA is not currently a signatory to the MoU, it is not directly involved in the decision-making processes of the partnership, and it is important to look for ways to empower the farmer co-operatives themselves to take a leading role and ensure that the terms of the agreement are in line with their needs and priorities. The current configuration exists because of SFL and their involvement in the LIFFT Cashew Project, but this project is due to end in 2025 which makes the future of this partnership beyond that time uncertain. FGCFA should negotiate a second phase of the agreement directly with Munduk, but this will require capacity building for FGCFA to ensure an equitable deal which benefits both parties.

Currently, there is a power imbalance since SFL is the main financier of FGCFA and Munduk, with the activities of both dependent on funding from SFL for the partnership. If Munduk receives the loan it is seeking from SFL, this would enhance its ability to enter into a new agreement with FGCFA and increase its purchasing power for buying cashew products from FGCFA members, ensuring a stable and reliable market for the co-operatives. This would help rebalance the power dynamic, centre the objectives around the needs of the co-operatives, and improve their involvement in decision-making processes. It would also contribute more effectively to capacity development and livelihood improvement for smallholder cashew farmers. Despite these challenges, this partnership demonstrates a promising way to promote local ownership of the cashew value chain.



Cashew nuts. Credit: Ebrima Sowe/FAO

3.3 Vietnam

Binh Minh Agroforestry Co-operative

Nguyen Huu Nhuan and Pham Tai Thang



Forest plantation monitoring in BMAC's forestation area. Credit: Phung Binh Minh/BMAC

This case study presents the Binh Minh Agroforestry Co-operative (BMAC) in Vietnam — a forestry co-operative producing timber and other wood products — and its strategic partnerships with two companies specialising in sustainable timber processing and harvesting: Nafoco Joint Stock Company and Hoa Phat Forestry Joint Stock Company.

Producer organisation

BMAC is a forestry co-operative based in Yen Binh district, Yen Bai province, Vietnam. The co-operative focuses on producing timber products, afforestation, forest seedling nurseries and plastic product manufacturing, and has positioned itself as a key player in sustainable timber production. It originated as a small group of smallholder acacia growers in Lem Village in 2014 and was formally established in 2017 with support from FFF and the Vietnam

Farmers' Union (VNFU). It aims to create a structured model linking forest producers with markets, to promote sustainable forestry and improve the livelihoods of smallholder farmers.

BMAC has grown from a small farmer group into a well-structured, FSC-certified co-operative with formal governance and diversified business operations. From 2018 to 2023, certified timber output has more than doubled, with productivity exceeding 150 tonnes per hectare, while FSC practices have helped eliminate herbicide use and integrate circular economy approaches. By 2023, the co-operative managed over 650 hectares of FSC-certified forest across 24 communes, engaging more than 2,000 farming households.



Forestry seedlings. Credit: Phung Binh Minh/BMAC

Companies

Founded in 1991, Nafoco is a leading timber processing company in northern Vietnam and a key supplier for Ikea. Its vision is to become a regional leader in sustainable timber processing by integrating modern technology, responsible sourcing and international quality standards. Guided by this vision, Nafoco initiated the FSC-certification project with BMAC, helping the co-operative align its forest management practices with global sustainability benchmarks. In September 2017, recognising that long-term technical support and field-level engagement were needed beyond its core processing activities, Nafoco transferred the FSC project to Hoa Phat.

Hoa Phat, founded in 2013, specialises in acacia plantation development, sustainable timber harvesting and pellet production. Hoa Phat's vision is to lead the sustainable timber value chain in Vietnam by promoting responsible forest stewardship and building inclusive partnerships with local communities. The company has invested in developing acacia plantations and obtaining FSC sustainable forest certifications in Yen Bai and other provinces. Hoa Phat's main activities include acacia timber extraction, processing and pellet production. The company has collaborated with BMAC by investing in its sawmill and purchasing FSC-certified timber, thereby supporting BMAC's growth and sustainability efforts.

Partnership

The partnership between BMAC, Nafoco and Hoa Phat exemplifies a successful model of collaborative forestry development in northern Vietnam. This three-way co-operation demonstrates how alliances between grassroots co-operatives and private enterprises can drive innovation, sustainability and inclusive growth in the forestry sector. Technical support from Nafoco since the early stages of BMAC's establishment and investment from Hoa Phat have been crucial to its success and have enabled BMAC to expand its production capacity and market reach.

The partnership began in 2017, when Nafoco identified the potential of working with BMAC, which at the time was still a young co-operative. VNFU and FFF played catalytic roles in facilitating the organisation of BMAC, building trust with farmers, providing training, facilitating registration and certification, and connecting the co-operative with companies such as Nafoco and Hoa Phat.

With a vision to promote responsible timber sourcing and expand its network of certified suppliers, Nafoco introduced and supported the implementation of the FSC certification for BMAC. Certification through agencies such as the FSC has enabled BMAC to meet international sustainability standards, greatly increasing marketability and price premiums for their



timber products. FSC certification not only validated BMAC's sustainable forestry management but also significantly elevated their market position, allowing for entry into global supply chains.³⁵

Later that year, Nafoco transferred the FSC support project to Hoa Phat, marking a new phase of the partnership. As a dynamic and rapidly growing enterprise specialising in acacia plantation management and FSC-certified timber products, Hoa Phat took on the role of technical supporter and investor. Hoa Phat signed an MoU with VNFU to collaborate in capacity building for producers to expand FSC-certified areas. The company worked closely with BMAC to upgrade sawmill facilities, ensure FSC Chain of Custody certification, and provide training on sustainable harvesting and processing. Hoa Phat also became a major purchaser of BMAC's FSC-certified timber, ensuring stable market demand and reinforcing long-term business sustainability.

Under formal contracts, Hoa Phat acted as both timber buyer and service provider. This mutually beneficial arrangement gave Hoa Phat a stable FSC timber supply, while BMAC gained market access, infrastructure and improved governance. With support from FFF and VNFU, the partnership also included risk-sharing mechanisms that strengthened BMAC's resilience to market fluctuations.

By sharing financial burdens (through advances and co-investment) and market risks (through guaranteed purchases and pricing), Nafoco and Hoa Phat enabled BMAC to grow in a stable way. In return, the companies secured a reliable source of FSC-certified timber that meets international standards. This symbiotic model has not only protected BMAC from market volatility but also improved its internal governance and increased member incomes, laying a durable foundation for community-based forest enterprise development.^{35,36}

Together, Nafoco and Hoa Phat have expanded the co-operative's reach by establishing purchase contracts with forest households across 24 communes in Yen Binh district. Hoa Phat has also supported acacia seedling cultivation and afforestation, enabling BMAC to scale up sustainably within certified value chains.

Through a strong and evolving partnership, BMAC has grown into a key hub for FSC-certified timber, engaging over 2,000 households and managing 8,000 hectares of forestland. Once reliant on middlemen, BMAC now independently manages a certified timber supply, engages in policy dialogue, and serves multiple buyers. Nafoco laid the foundation by introducing FSC certification and connecting BMAC to broader markets, while Hoa Phat strengthened capacity through infrastructure investment and technical support. This collaboration reflects a shared commitment to sustainable forest management, inclusive growth and smallholder market integration. It also serves as a replicable model for public—private co-operation and has enabled BMAC to expand partnerships with new buyers in recent years.

Key takeaways

This example illustrates how support and investment from private companies has acted as a springboard for BMAC and enabled it to grow into a self-reliant and diversified co-operative, no longer overly dependent on any single buyer. After establishing a solid foundation with long-term partners such as Hoa Phat and Nafoco, BMAC has leveraged its FSC credentials to diversify its buyer base.

Both Nafoco and Hoa Phat invested in BMAC's mission not only by purchasing timber but also by investing in company infrastructure (sawmills) and technical support. Their early support was crucial in helping BMAC build FSC certification

and processing capacity. It helped establish FSC-certified plantation zones and strengthen BMAC's capacity within the agroforestry value chain. While newer buyers do not directly contribute to these support efforts, they actively seek out timber from these well-developed FSC material regions, recognising the quality and sustainability enabled by the groundwork laid by Nafoco, Hoa Phat and other stakeholders. These early collaborations continue to provide co-operative members with stable contracts, improved practices and long-term market value.

Nonetheless, challenges such as market volatility still remain, and while BMAC maintains a long-term partnership with Hoa Phat, BMAC has actively expanded its market base to respond to changes in the market and reduced orders from Hoa Phat during the Covid-19 pandemic. During this time, BMAC shifted its focus to domestic buyers, securing contracts with some new domestic companies for both FSC and non-FSC sawn logs and woodchips. This proactive strategy increased profits between 2019 and 2020, demonstrating the importance of flexibility in business operations.

Diversification is another critical strategy. Beyond selling raw timber, BMAC has expanded into secondary timber products and plastic processing, as well as producing woodchip for paper companies such as An Hoa Paper Joint Stock Company (JSC), YBM company and Binh Minh Rock JSC, which helps to maximise resource utilisation.

BMAC has demonstrated its ability to maintain resilience in the face of market shocks by diversifying clients and income sources. Part of its success is related to the partnership with Nafoco and Hoa Phat, but it goes beyond that and is worth noting that other stakeholders heavily invested in BMAC as well. Their co-ordinated support enabled BMAC to grow into a model of sustainable forestry enterprise. Through this co-ordinated support, BMAC received targeted training in sustainable forest management, FSC certification, co-operative governance and financial planning, as well as access to international markets. VNFU also partnered with the Yen Bai Provincial People's Committee (PPC) and the Department of Agriculture and Rural Development (DARD) to advocate for favourable policies, land-use rights and financial support, creating an enabling environment for the co-operative's development.

BMAC's journey from a dependent group of smallholder acacia growers to an empowered co-operative was driven by various partnerships, including those with Nafoco and Hoa Phat, who provided critical support beyond purchasing timber. Today, the co-operative focuses on strengthening strategic ties with key partners, including VNFU and FFF, to enhance training, infrastructure and market access. These efforts continue to support BMAC's sustainable value chain development, improve governance, and boost resilience amid market volatility.



Planting forestry seedlings. Credit: Phung Binh Minh/BMAC

3.4 Guatemala

Fundación Laguna Lachuá

Leonora Mencos Martin-Hidalgo, Juan Carlos González, Jorge Luis Sandoval and Ogden Rodas



Packaged cacao ready for export. Credit: Ecolasa

This case study presents an example of a three-way partnership between the FFPO Fundación Laguna Lachuá (Fundalachuá) in northern Guatemala, the community-based company Empresa Comercializadora Lachuá, Sociedad Anónima (Ecolasa — Lachua Trading Company Public Limited Company) and the international American trading company Uncommon Cacao. These three organisations work together to sell high-quality cacao directly to international buyers and bring social and environmental benefits to local cacao farmers in Guatemala.

Producer organisation

Fundalachuá was established in 2008. It is a strategic alliance of four local Indigenous producer organisations from the Lachuá ecoregion in Alta Verapaz, northern Guatemala. It is a second-tier organisation, which defines itself as a private, independent, non-profit development NGO. Its mission is to “promote strategic partnerships with stakeholders to facilitate the development of sustainable livelihoods”.

Fundalachuá was founded as part of the Lachuá Lagoon Project, a productive proposal for a sustainable development model initially implemented by the Guatemalan National Forest Institute (INAB) and the International Union for Conservation of Nature (IUCN) through its regional office for Mesoamerica and the Caribbean Initiative. This project has been funded by the Dutch Embassy since its inception.

The four producer organisations that make up Fundalachuá are Asociación de Desarrollo Integral Regional El Peyán Lachuá (KATBALPOM — the Peyán Lachuá Regional Comprehensive Development Association), Asociación Selva del Norte (ASOSELNOR — Northern Jungle Association), Asociación de Desarrollo Integral Regional Roqha' Pom ti'la (ASODIRP — the Roqha' Pom ti'la Regional Comprehensive Development Association) and the Asociación de Desarrollo Integral de la Mujer Indígena de Lachuá (ADIMIL — Association for the Comprehensive Development of Indigenous Women of Lachuá). The first three are dedicated to cacao farming, and ADIMIL is dedicated to the production of textiles and handcrafts.

Companies

The Lachuá Trading Company (Ecolasa) is a community-based company founded by the founding members of Fundalachuá and individual investors that have the technical knowledge and experience in cacao cultivation and its quality control, as well as recognised leadership in the communities.

Ecolasa was created in 2023 with the goal of strengthening commercial development and access to markets for agricultural products and byproducts from agroforestry systems. Its vision is to become a company that exports high-quality agricultural products, ensuring that they are organic and environmentally friendly, while also generating profits for its partners.

Its mission is to link the agricultural production of Fundalachuá's partners to international markets to maximise economic opportunities and benefits. Ecolasa seeks to generate economic benefits that can contribute to financing Fundalachuá projects, as well as absorbing mobilisation costs and even making donations to Fundalachuá once profits are generated.

Ecolasa has only recently been incorporated and therefore has not yet been able to access formal financing or turn over a profit. It is expected that after two years of operation it will be able to become more sustainable and diversify its business portfolio.

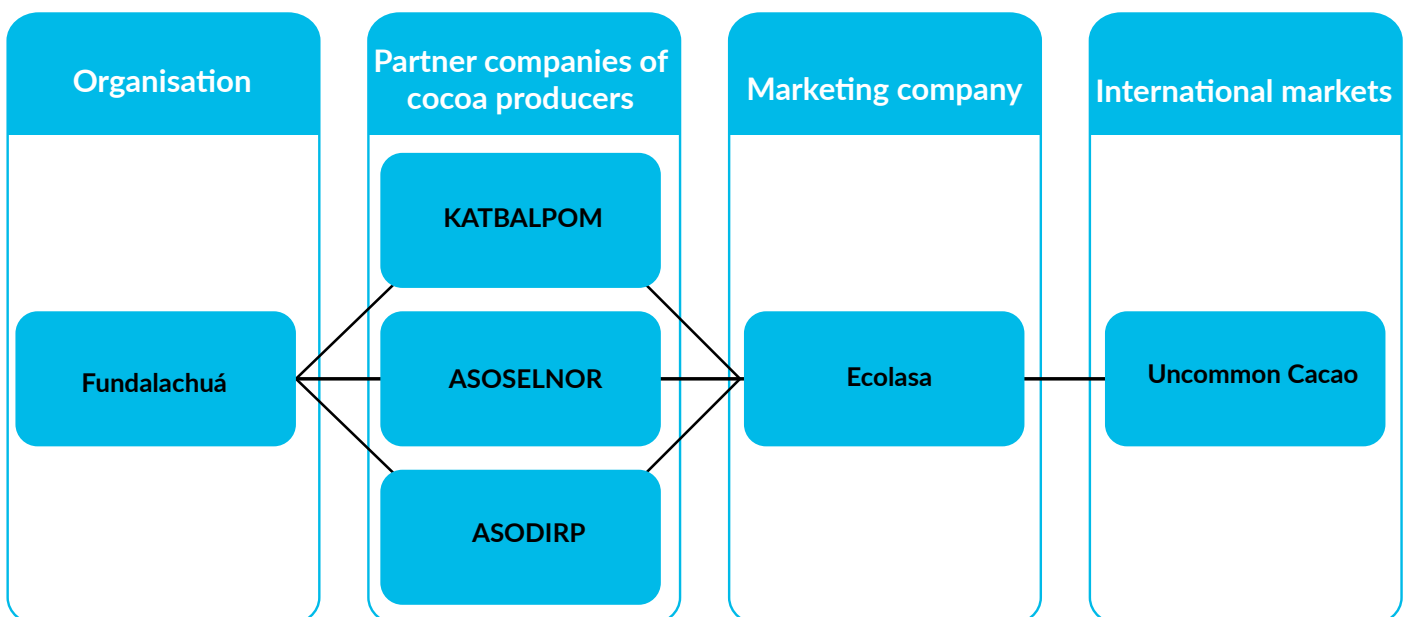
The American trading company Uncommon Cacao was founded in 2014, becoming the parent company for Mayan

Mountain Cacao in Belize and Cacao Verapaz in Guatemala. It was responsible for importing, distributing and selling cacao to international markets in the USA, Europe and Asia, with small and medium-sized 'bean-to-bar' chocolatiers known for using premium cacao for their production.

Uncommon Cacao is interested in building relationships with producers at the point of origin of cacao, connecting people from communities throughout Latin America with the international market, and promoting high-quality processes. It operates on a transparent trade model in which it publicly discloses the prices paid across its value chain, with the goal of enabling a market which centres the wellbeing, livelihoods and success of producers.³⁷ Uncommon Cacao seeks to better compensate farmers and the company ethos is based on strong partnerships that provide greater stability and success for all.

Uncommon Cacao has been an important client for Fundalachuá, and they have been working together for over 10 years. Previously, Fundalachuá sold products to one of Uncommon Cacao's subsidiary companies, Cacao Verapaz, for onward sale to Uncommon Cacao. However, in 2023 Cacao Verapaz closed operations due to internal problems. This opened a huge opportunity for the emergence of Ecolasa, as it made it possible for Fundalachuá to sell directly to Uncommon Cacao, as a follow-up business relationship with this company. Figure 1 shows the relationship between key stakeholders who contribute to a stable supply of cocoa for marketing through Ecolasa.

Figure 1. Relationships between key stakeholders who market cocoa through Ecolasa



Partnership

The commercial relationship between Fundalachuá and Ecolasa began in December 2023 when Ecolasa was established. The purpose was for Ecolasa to become Fundalachuá's commercial arm, enabling its members to achieve profitability and strengthen the marketing of products and byproducts. The aim is to differentiate between the roles of a commercial entity (Ecolasa) and a social entity (Fundalachuá) with producers. The Food and Agriculture Organization of the United Nations (FAO) played a key role in developing the new commercial framework, and explained to producers the benefits of having a commercial arm to achieve greater competitiveness in the market, and reduce the costs and risks involved in intermediation and billing through third parties.

Fundalachuá has a history of working with Uncommon Cacao, providing it with experience in producing cocoa that meets international quality standards. Uncommon Cacao has also helped Fundalachuá sign agreements and contracts to qualify for credit and cash advances for the company's operations.

Furthermore, Fundalachuá is able to ensure availability of cocoa due to having three Indigenous producer organisations which supply cocoa for sale. Ecolasa in return signs contracts with the producer organisations in which they agree to purchase a set volume of cocoa. This minimises risks in the supply chain and ensures that there is sufficient product to meet orders from international customers. It is expected that the income obtained by producer organisations from the sale of cocoa through Ecolasa will contribute to their growth and to the sustainability of Fundalachuá.

To guarantee product supply, Ecolasa signs an agreement with each producer organisation that commits them to deliver a minimum number of bags of organic cocoa to Ecolasa during the harvest. They have agreed that at least 80% of the harvest will be delivered to Ecolasa and only up to 20% to other local buyers. The agreement also stipulates that 100% of the organic cocoa must be delivered to Ecolasa. Ecolasa also provides technical assistance and training to producers, as well as supplies, food-grade sacks and bags, and performs quality control at the supplier associations.

Since Fundalachuá is a partner of Ecolasa and there is an existing relationship between both organisations and the producers, this promotes communication and transparency in commercial transactions. Ecolasa also holds an annual shareholders assembly to present the company's results. By working with an associative marketing model, not only does Ecolasa benefit producers, but it also contributes to strengthening communities and promoting the local identity of products. More than a commercial strategy,

it is a commitment to more equitable, organised and sustainable production.

Due to its recent incorporation, Ecolasa has not yet been able to reinvest profits into local development, but this is expected to happen gradually. Fundalachuá currently covers the costs of visits and technical assistance to producers. However, Ecolasa will be responsible for collecting the harvested cacao, representing significant savings for producers in transportation costs, which is particularly important given the poor access conditions. It also reduces the risk of any damage that could occur during transit. Having Ecolasa as a commercial company also means that Fundalachuá can comply with international certification regulations for exporting their products to Europe.

Being able to sell its product directly to Uncommon Cacao through Ecolasa is also positive for Fundalachuá. It achieves better prices by marketing the product directly with Uncommon Cacao rather than on the international market. As an example, with Uncommon Cacao, a price of US\$17,000 per tonne has been achieved, while on the international market, the price is currently US\$10,000 per tonne. This is a good illustration of the price difference that can be obtained by marketing the product directly with Uncommon Cacao. The payment terms with this company are 50% down payment and 50% upon delivery of the product, payment terms that have been achieved thanks to the company's formality and compliance.

The quality of the product sold to Uncommon Cacao must comply with strict quality controls, which has been a key element through which to differentiate the product marketed by Fundalachuá-Ecolasa from other producers, and guarantees its continued presence as a supplier to Uncommon Cacao. Having a quality-control and tasting laboratory is key to ensuring this level of quality.

Key takeaways

Cocoa producers view the new alliance between Fundalachuá and Ecolasa as positive, since it facilitates the commercialisation of their product. With agreements currently under negotiation, producers have obtained a better price when selling their product in *baba* (a condition in which the fruit is not yet dry). In order to be suitable for export, it must first undergo a fermentation process, then a drying process, and finally be ready for packaging. The cocoa beans undergo quality control for selection and purchase from Ecolasa. Since this process occurs after the producers have already delivered their harvest, being paid in *baba* provides them with financial support, as they receive capital immediately, known as prompt payment, whereas previously they had to wait a long time.

The producer organisations have also managed to improve their sales conditions by working with Ecolasa, as previous problems with late payments and lack of support from other entities are now resolved, and their income has increased. By having contracts and prices guaranteed by Ecolasa, partner organisations are now encouraged to implement good management practices and thereby increase the volume and quality of each production unit. This will be reflected in increased household income.

Another aspect that producers value is the support they have received from Fundalachuá and Ecolasa in obtaining organic certification, which results in better prices and access to international markets. The financial support given by Ecolasa is also significant, providing cash advances to producers on cocoa orders, both members and non-members. The relationship with Ecolasa also helps producers stay directly connected to the export process up to the end of the value chain, allowing them to reach international customers. Furthermore, they have recently exported half a tonne of cocoa to the Canadian company ChocoSol Traders, thus beginning to achieve international market diversification.

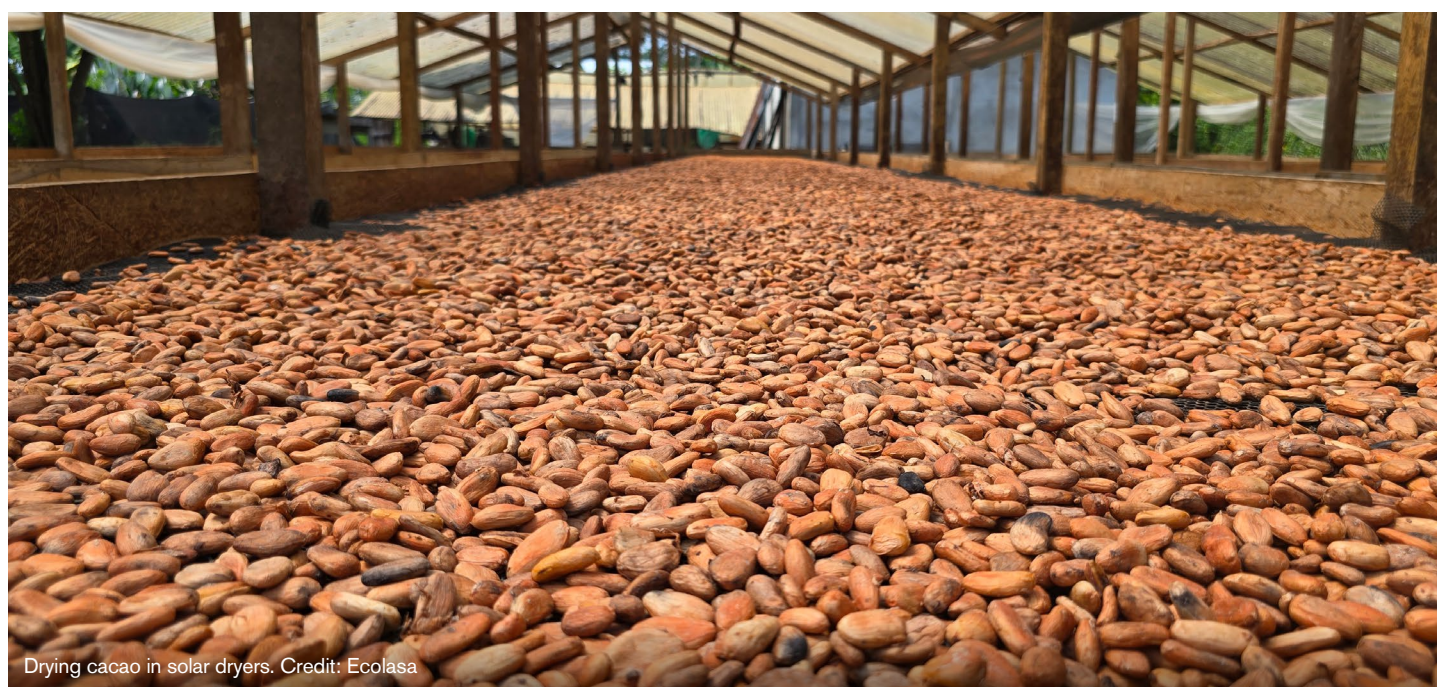
The producer organisations also contribute to environmental sustainability by growing their products under agroforestry systems and renewing ageing trees. This has opened opportunities for the international marketing of organic cocoa. Currently, 80% of the cocoa grown is organic and only 20% is conventional. Ecolasa has stated that it will continue to improve agroforestry systems.

This partnership is a novel example as it illustrates a company that was established from within the FFPO itself, and now operates as a commercial arm to the social enterprise. The existing relationship with Uncommon Cacao has

enabled producers from Fundalachuá to maintain access to international markets and achieve optimal prices by selling directly to Uncommon Cacao through Ecolasa. Due to its recent establishment, Ecolasa still relies to Fundalachuá for several aspects of its operations and logistics, including covering costs of producer visits and access to Fundalachuá's warehouse.

Despite positive developments for producers and access to an international market through the relationship with Uncommon Cacao, the partnership still faces several challenges. Climate variability has led to droughts and reduced harvests, and Ecolasa as an exporting company still faces competition for the product, due to the high interest of local chocolate producers in Guatemala, both in the Verapaces region and Quetzaltenango. Due to the shortage of cocoa, local producers are willing to pay a higher price, very close to the export price that Ecolasa pays producers. This means that they could take offers from third parties, especially if Ecolasa does not have the cash flow to be able to pay the producers for the product immediately.

It is anticipated that 2025 will be a year dedicated to strengthening the marketing of cocoa beans, and once Ecolasa has been operating for two years, it will be able to turn a profit, invest back into the community and expand into other agricultural products. There is also interest in certifying cardamom, producing cinnamon, vanilla, mint, honey, wood, coffee, turmeric and organic peanuts. The region has significant potential for product diversification, as well as the processing of cocoa into other products such as cacao nibs, cocoa liquor or even chocolate. Fundalachuá is working to develop products with greater added value and has equipment for making chocolate, on which they have been training young people and other interested parties.

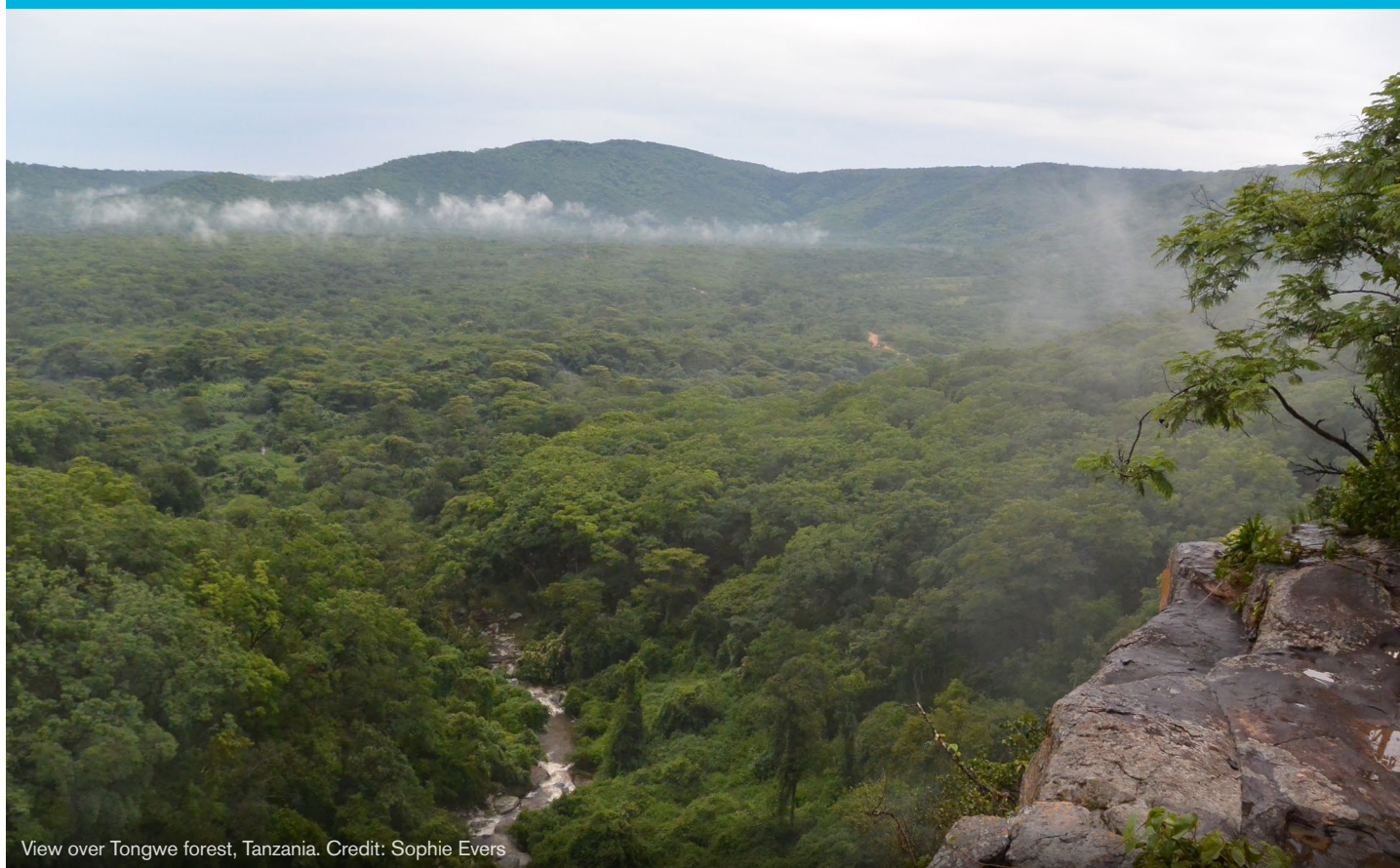


Drying cacao in solar dryers. Credit: Ecolasa

3.5 Tanzania

Upendo Honey

Sophie Evers



View over Tongwe forest, Tanzania. Credit: Sophie Evers

This case study outlines the case of Upendo Honey, a Tanzanian honey company working with individual beekeepers across Western Tanzania to sell high-quality organic honey to global markets.

Company

Upendo Honey was established in 2017 and is a Tanzanian private enterprise working closely with traditional beekeepers in Western Tanzania. Upendo Honey is the brand name of the company (*upendo* means 'love' in Swahili), but it is officially registered under the name Third Man Limited (TML). The vision of the company is to become a leading social enterprise that connects Tanzanian honey producers with conscious consumers who value quality, sustainability and social impact. The mission of the company is to empower rural beekeepers in western Tanzania to protect their natural habitats and earn a fair income by producing and selling high-quality organic honey to global markets. The core of the company philosophy is to help local communities in Western Tanzania, to encourage women's empowerment,

to support environmental sustainability, and to bring to consumers high-quality products with complete transparency and traceability.

Upendo Honey engages with individual beekeepers as well as those organised into groups, co-operatives or unions. However, it is usually individual beekeepers who are registered to sell to the company. This is because hives are owned individually, and each beekeeper sells their own product directly to the company. Only in cases where a group collectively owns hives is the group registered with Upendo Honey. The decision for the company to be open to individual as well as group registration came about because of beekeepers' requests and preferences.

Upendo Honey has several locations. There are around 60 field stores spread out throughout Western and Central Tanzania, a processing facility and main warehouse in the Kigoma region, and offices for administration and operations management located in Kigoma at the facility site and in Dar es Salaam.

Producer organisations

In Western Tanzania, beekeepers range from individual operators to beekeeping groups, beekeeper co-operatives and even district-wide beekeeper unions. For some beekeepers, being part of a co-operative is compulsory to obtain permits to access certain protected areas. However, many beekeepers prefer to deal directly with companies rather than going through an intermediary co-operative or group structure. A 2020 report from the Agriculture Non-State Actors Forum (ANSAF) points at common challenges in co-operatives in Tanzania including poor governance and management, lack of integrity of leaders and executives, lack of co-operative education and training, and persistent late and sometimes no payments to producers.³⁸ There is a general distrust towards co-operatives in the region and they are not perceived to be the best intermediaries for beekeepers.

As a result, the partnership developed by Upendo Honey with traditional Tanzanian beekeepers is mostly built on individual partnerships with beekeepers regardless of them being part or not of a formal group. The company does not impose any association requirement on beekeepers, nor does it prevent it from happening organically. In total, the network of beekeepers registered as suppliers with the company is more than 4,000 individuals.

Beekeepers registered with Upendo Honey are located across various regions of Western Tanzania covering Kigoma, Katavi and Tabora regions, and extending into Geita, Shinyanga, Singida and Mbeya regions. Beekeepers have their beehives in protected forests which may have different statuses under Tanzanian jurisdiction: game reserves, forest reserves or community-managed forests. This means beekeepers need to have a permit delivered by the relevant administration in charge of the land to be able to install their beehives and harvest honey in those protected forests.

There are two main honey-harvesting seasons in the year, approximately between June and September, and between November and January. In some cases, the gap between the two harvesting seasons is very short. Comb honey is collected from the hives and sold to the company either directly as comb honey or since 2023 as processed wax blocks.

Partnership

The partnership between Upendo Honey and traditional beekeepers presents an innovative model of sustainable development. The company invests in respectful, transparent and fair practices as a buyer, and provides consistent support to its beekeepers — ranging from training and equipment to prompt payment practices — contributing to a stable market for the beekeeping value chain and improved livelihoods in

rural communities. The partnership remains economically independent from external grants, securing its sustainability.

Beekeepers work across various protected forest areas and sell their raw honey and wax directly to Upendo Honey. The company's ability to purchase a raw unprocessed product is valuable to smallholders as it saves them time, money and reduces losses in unprocessed beeswax. This contrasts with most other buyers who only buy processed honey.

The partnership relies on a year-round presence of company field officers stationed in rural beekeeping communities, who offer a direct interface between the company and the beekeepers, continuous support for compliance, and a smooth communication channel prior to and during harvesting seasons.

There are two types of contracts between the company and beekeepers. The first contract states that beekeepers are responsible for complying with the company's internal organic standards, carrying out sustainable harvesting practices and contributing to the protection of wild forests in Western Tanzania. The second type of contract is done on a seasonal basis where the company commits to buying a certain amount of comb honey during the season from each location's registered beekeepers, and the price per kilogramme of comb honey is agreed for the season. It is a one-way binding contract for Upendo Honey, in the sense that beekeepers do not commit to sell a set amount of comb honey — they can choose to sell elsewhere and/or they may not harvest as much as expected.

Regarding the price, prior to the harvesting season, company field officers collect and report information about local market prices which may differ from one district to another. The company then looks at international organic honey prices and sets a purchasing price per location (other criteria such as transport costs for the company will be factored in) with the aim that the price is on average 30% above the local market price in order to attract beekeepers to sell to Upendo Honey and adhere to organic standards. Following this decision, representatives of the company — typically the field team manager and the company director in charge of the field operations — tour all locations to meet with beekeepers. During the meeting, the company representatives provide a detailed explanation of the season's price set up by the company in relation to the local and international market prices. These meetings provide an opportunity for beekeepers to ask questions directly to high-level company management and to discuss challenges if needed.

Local prices can fluctuate up to 50% from one season to another depending on the size of the harvest in the area: the more comb honey harvested, the lower the price. The company on the other hand guarantees a floor price under

which — no matter how low local prices are — the company will not lower its price.

The company commits to a certain amount of comb honey they will purchase from each location on a seasonal or yearly basis, and always provides prices higher than those on the local market thanks to its access to the international organic market. A strong traceability and quality operations system developed by Upendo Honey allows for precise management of each beekeeper's relationship to the company. Beyond paying an above-market price for comb honey and wax, Upendo Honey has set up a series of services to alleviate financial instability in beekeeping communities and to increase the quality of beekeeping in the region. These measures include:

- **Access to equipment:** Upendo Honey provides buckets to beekeepers who use them to sell comb honey back to the company, meaning beekeepers do not need to invest in purchasing buckets ahead of harvesting season. Additionally, the company provides beekeeping equipment (beekeeping suit and smoker) at a low price to cover the costs but without creating profit for the company.
- **Prefinancing:** Upendo Honey prebuys a portion of the harvest prior to the harvesting season. The prebuying amount ranges from 5–20% of the total estimated harvest volume, and with a maximum of three million Tanzanian shillings (approximately £880). They also make available short-term, interest free transport loans to enable beekeepers to hire a truck and get their harvest from the forest to the village.
- **One-off bulk payments:** once the buckets of comb honey have been purchased by the company and stored in the field stores, a one-off payment is made to the beekeeper within a few hours or days. Payments are always done as a single transaction via mobile money or bank accounts.
- **Access to training:** throughout the year, the company organises training on five core topics related to beekeeping: organic beekeeping, hygiene (how to guard against contamination), best beekeeping practices, honey harvesting, and storage and transportation of comb honey. The trainings are free of charge and are conducted by the company field officers onsite so that beekeepers do not need to travel.

The partnership between Upendo Honey and traditional beekeepers has had a transformative impact on local communities, livelihoods and the environment. Beekeepers benefit from stable markets and higher, guaranteed prices, with beekeeping incomes increasing up to 40%, and from improved access to equipment, training and prefinancing systems. This economic uplift has enhanced financial

inclusion, enabled savings and fostered community development. The partnership has also encouraged job creation and entrepreneurship, as traditional beekeeping becomes more attainable, attractive and profitable.

When asked as an open question to 30 beekeepers why they sold to Upendo Honey in 2024, the following replies reveal key advantages of selling to the company. Seventeen beekeepers highlighted the unique feature of the company to purchase unprocessed comb honey in the region, since other buyers would only buy processed honey, entailing losses for the beekeepers who may not be able to sell the wax. Thirteen beekeepers mentioned that the company is the “only guaranteed” or “sure” market for their products, while nine said they sold to Upendo Honey because it provides “the best prices” or because “it pays well”. Five beekeepers mentioned the easy, streamlined processes of the company which make it attractive logistically and financially.

Key takeaways

Upendo Honey has built a robust partnership with local beekeepers by providing a secure and stable market for their traditional honey production, bolstered by international certifications. The company ensures prices above local market rates, one-off direct payments via mobile money or bank transfers, and the purchase of raw, unprocessed honey to save smallholders time and resources. With a dedicated team of field officers, year-round contact is maintained, fostering strong relationships. Upendo Honey's transparent, trust-based approach is reinforced by fair pricing agreements and supportive financial frameworks, even during challenging times.

The company can afford to pay a higher price than the local market price without compromising its economic viability, due to its business model being based on large-scale production, investment in efficient processing, certification and access to international markets. The result is fairer pricing for a raw product traditional to the region, saving on processing costs and waste side-products for the beekeepers.

Additionally, the way in which the partnership is set up gives freedom to the beekeepers to sell elsewhere and not depend entirely on the company. At the same time, the company provides various supportive services to the beekeepers, which facilitate their operations and contribute to savings. These elements contribute to a more equitable model.

Crucially, the partnership is economically independent and is not reliant on external grants or external support, which is key to ensuring beekeepers and the company continue to grow and benefit from a stable market. This also increases their resilience to funding challenges, such as the interruption of United States Agency for International Development (USAID) grants in 2025. This impacted some of the

community activities led by Upendo Honey, but the core of the partnership remained unaffected.

The partnership has faced several challenges and tackled them while strengthening the relationship between the company and beekeepers. For example, in 2022, during an unusually productive honey season, Upendo Honey had already met its target of buying 400 tonnes of comb honey, and did not have the funds to purchase more, even though the beekeepers had produced much more. Beekeepers trusted the company and agreed to partial and deferred payments to prevent a market price collapse, with some even accepting full deferred payments. Upendo Honey later secured a loan to purchase the additional honey, demonstrating its commitment to supporting beekeepers despite financial challenges.

Other challenges include two recent policy changes in Tanzania. The first was a change in status of some protected areas from forest or game reserves to national parks, which meant that beekeeping was no longer allowed within those areas. Upendo Honey stood alongside beekeepers in the discussions about the importance of traditional beekeeping in protected forests and all advocated for beekeeping to remain accessible in the newly created national parks. In one area, this resulted in degazetting and changing the status of the area from a national park to a forest reserve where beekeeping is allowed.

The second policy change was the update of the European Union organic market regulations which came into force

in January 2025. These regulations require beekeepers to organise their own certification and to comply with challenging and costly administrative requirements, which for many of them was financially and physically impossible. Together with beekeepers and local authorities, Upendo Honey has set up complex administrative and structural adjustments to ensure that all beekeepers and the company can continue to comply with organic certification requirements, which are essential for the partnership to thrive. In February 2025, the company successfully obtained the certification under the new regulation, which once again demonstrated the strong co-operation capacity of the company with the beekeepers when facing challenging situations that require adaptation.

These challenges have not affected the core of the partnership, and the company has found ways to support beekeepers in the face of unpredictable and changing circumstances. This demonstrates how an equitable and trust-based partnership can be resilient, where a more traditional producer—buyer relationship might have left both parties vulnerable to a reduced supply of produce and income.

The partnership continues to thrive and adapt despite these challenges and there are plans for future growth within the company, especially as the global market for sustainable organic honey is also growing. The company intends to remain a stable and fair business partner for traditional beekeepers in Western Tanzania for the foreseeable future.



Field team lead holds discussion with beekeepers in a field store in Tanzania. Credit: Sophie Evers

3.6 Bangladesh

iFarmer

Sharmin Afroz



Farmers' participate in *Uthan Boithak* (community forum). Credit: iFarmer

This case study presents iFarmer Limited, a technology company using online tools to maximise profit for farmers across Bangladesh. It provides bundled services for farmers through its online platform, including financing, farm inputs, advisory services, insurance and access to markets: everything a farmer needs, in one place.

Company

iFarmer is a technology-driven company which was founded with the vision of building the most effective and inclusive agriculture finance and supply chain platform in Bangladesh.³⁹ Its goal is to improve the livelihoods of farmers and related stakeholders such as agri-retailers by offering integrated, digital solutions for access to finance, quality inputs, timely advisory services and market linkages. iFarmer provides tailored, scalable assistance to farmers according to their unique needs.

iFarmer is a technology-based agribusiness platform originally supported by a Singapore-based startup accelerator.

From its headquarters in Dhaka, Bangladesh, it conducts business in 36 of the 64 districts of the country. Farmers and agri-retailers can access location-specific services from iFarmer, which offers digital platforms for finance, inputs, advisory services and market linkages. Any eligible farmer or retailer is welcome to register and participate as a member.

Producers

The farmers partnering with iFarmer are individual smallholders spread across agroecological zones and involved in diverse agricultural activities across Bangladesh. Though they do not function under a formal collective structure or FFPO, their common goal is the improvement of their farming outcomes and livelihoods. Their main objectives are to get flexible and reasonably priced finance, obtain quality inputs, receive practical advisory support, and connect to reliable markets. Among these, farmers prioritise easy access to finance and quality inputs.



A drone flies over a vegetable field in Bangladesh. Credit: iFarmer

Farmers can join the iFarmer platform and become registered users with their national identification card (NID), and to access formal banking finance they must provide a letter of endorsement from local government representatives. More than 131,500 farmers and 18,000 agri-retailers have registered so far, covering subsectors such as aquaculture, livestock and poultry, and crop farming. This broad base reflects iFarmer's inclusive approach to supporting rural livelihoods.

Partnership

iFarmer was founded to address the real-life challenges faced by smallholder farmers in Bangladesh, particularly the lack of access to affordable financing and reliable market opportunities. The founders recognised that many farmers struggled to improve their livelihoods due to financial constraints and a system that offered them little bargaining power. At the same time, they observed growing interest among urban professionals, donors and impact investors who wanted to support agriculture but lacked a transparent and trustworthy way to engage.

This insight sparked the creation of iFarmer, a technology-driven platform designed to connect funders, agricultural input companies and buyers with farmers in need of support. The iFarmer partnership has grown significantly since its inception in 2019. What began as a simple effort to connect farmers with individual funders has now developed into a comprehensive, technology-driven ecosystem. iFarmer helps farmers to access finance by offering loans, and supplies them with high-quality inputs, insurance, and continuous advisory support, ensuring responsible and effective use of funds.

Financing and insurance

Many smallholders have been trapped in cycles of debt due to dependence on high-interest local lenders. iFarmer breaks this cycle by connecting farmers directly with investors and offering end-to-end support, from seed to sale. The company is building a more inclusive, transparent and efficient agricultural ecosystem for Bangladesh.

iFarmer offers farmers fair, low-interest loans. Farmers apply through iFarmer, which checks their creditworthiness and then connects them with the right financing options, making access to agricultural finance easier for them. iFarmer is also working on testing agricultural insurance in some districts to help farmers.

Crucially, iFarmer offers loans which are aligned with real farming cycles, ranging from short-term harvest financing (ten days) to six-month loans for livestock and aquaculture. Since farming is a time-sensitive activity, receiving loans after the season has started and having to repay the loans before

selling the produce is not effective. iFarmer offers what is commonly known as seasonal or bullet payment loans. These loans are disbursed at the beginning of the farming season, with repayment collected at the end. This schedule aligns with the farmers' cash flow; they typically need funds at the start of the season and receive income after selling their produce at the end. Since farmers often lack sufficient funds for monthly or weekly repayments during the season, traditional loan structures are not well-suited to their needs.

Input distribution and advisory services

From basic provision in 2020, iFarmer built a nationwide retailer network (over 13,000 retailers) and over 300 iFarmer centres (retail stores specialising in agriculture). Retailers now offer localised input services, credit and advisory services, supported by digital tools such as the KriShop app, which enables agri-input retailers to access products and services to better serve their farmers and expand their businesses.⁴⁰ With support from iFarmer, these retail shops run by local community members provide farmers with high-quality agricultural inputs such as seeds, fertilisers, pesticides, crop protection products, and livestock and poultry feed. The shop owners act as a bridge between iFarmer and the farmers, facilitating services and building trust within the community. iFarmer upgrades capable and committed retail shops into iFarmer centres, enabling them to deliver financing, insurance and advisory services to farmers. The advisory services are given through structured multi-channel support including lead farmers, community forums (*uthan boithaks*), toll-free hotlines and guidance through multiple iFarmer apps.

Market linkages

iFarmer's partnerships with wholesalers, processors, modern retailers and exporters help reduce the number of intermediaries, allowing farmers to access better prices through its tech-enabled aggregation and logistics system. iFarmer gathers comprehensive data on farmers, including what they produce and how much of it, which helps to efficiently link them to forward markets.

Project funding comes from a diverse set of contributors, including individual investors, development partners, corporations and institutional investors. Formal financial institutions such as banks also partner with iFarmer to disburse funds to farmers.

To ensure long-term sustainability, iFarmer operates on a revenue model that includes commissions from farm profits. Once a project concludes and produce is sold, farmers repay their financing with a return, which is then shared between investors and iFarmer. The company also earns margins from sourcing and distributing agricultural inputs, as well as providing training and data services to farmers and partners.

iFarmer partners with a range of stakeholders. Banks, microfinance institutions (MFIs), co-operatives and individual investors offer affordable finance; agri-input brands and agri-machinery suppliers provide high-quality farming inputs; and wholesalers, processors, modern retailers and exporters can join iFarmer's tech-enabled aggregation and logistics system, offering better prices for farmers. iFarmer centres, collection centres, *uthan boithaks* and local fieldworkers provide a bridge between iFarmer and the farmers at the community level, helping to build trust with farmers. iFarmer is actively promoting a scalable and localised strategy by working closely with local lead farmers and retailers and interacting directly with community members. They use preexisting social networks that have successfully increased the scope of their offerings while fostering trust in farming communities. As one 45-year-old vegetable farmer from Jessore reported,

All farmers in our area grow vegetables year-round. For the past three years, I've been with iFarmer, receiving their full support while cultivating five *bighas* of vegetables.⁴¹ I plant early before the usual season to get better prices, and timely loans have made that possible. I usually repay the loan after two to three harvests. Now, I have a good house, can afford quality education for my children, and have purchased two *bighas* of land.

iFarmer has various digital platforms that help to collect data to improve farmer services and monitor trends in real time. Young people are often serving as a bridge for older farmers who lack digital skills or smartphones. They help connect these farmers to iFarmer's digital tools and services, improving access to support and information. In Jhenaidah district, a 24-year-old farmer said,

When I receive SMS updates about weather or farming, I share them with others who can't use digital platforms. I also help them use the [iFarmer] Sofol app, which is necessary for getting loans.

Key takeaways

iFarmer offers a unique example of an innovative partnership where a business has put farmers at the centre of its operating model. The idea behind iFarmer was shaped and developed in large part by the needs of local farmers. Thus, it is based on a **farmer-centric design**: services are based on actual farmer needs — credit, advice and market links — and not donor agendas. Farmers choose to opt in voluntarily, maintaining ownership in the partnership.

Putting farmers at the core, iFarmer has a broader vision beyond just profit-making. It treats farmers not just as loan recipients but as partners. The partnership between iFarmer and the farmers is based on **mutual trust and shared values**, instead of being based on official legal contracts. Using the iFarmer platform is completely optional, and many of the services are available to farmers even if they are not officially registered. For instance, farmers can participate in training sessions without signing up beforehand. For financial dealings, there is a light-touch contractual approach which permits flexibility while upholding the essential protections. Farmers also actively engage in a variety of decision-making processes, including consultations with lead farmers and agri-retailers and *uthan boithak*. Through these channels, iFarmer can gather local insights and modify services as necessary, forming a partnership that is responsive and flexible.

iFarmer's innovative model has significantly boosted smallholder productivity. According to iFarmer impact reports, vegetable yields have increased by over 50%, and paddy and maize by 20–30%. Field data reveals that since 2021, individual farmers have taken up to five loans, with borrowing and repayment capacity growing 2–5 times in 3–4 years. Many now lease land, cultivating 2–3 *bighas* on average. With support from iFarmer's integrated platform, farmers are shifting to more profitable ventures such as vegetables, aquaculture and livestock, with women actively taking out livestock loans. iFarmer is also actively promoting more environmentally friendly farming practices and provides training in biocomposting, vermicomposting, integrated pest management (IPM) and climate-resilient farming practices.

iFarmer has paid particular attention to the role of women and youth in their operations. By 2024, women accounted for 36% of new participants and are now actively contributing to both farming and household decisions. Young people are increasingly involved in farming, technological support and supply chain roles. iFarmer is creating new employment opportunities for rural youth, addressing unemployment at its root and reducing rural-to-urban migration.

iFarmer has faced some challenges, such as building trust with farmers, recovering loans at times of climate disruption to harvests and crop failures, low technology adoption

among farmers, and limited connectivity in rural areas. The company has found ways to address these challenges, including through consistent field engagement and service quality to build trust with farmers, by providing a safety net provision and more flexible loan repayments to help cushion against losses, as well as ongoing digital literacy efforts and offline-friendly tools. The company's diversity of solutions in the face of challenges is a testament to the resilience of its business model.

iFarmer's future strategy focuses on scaling up financial inclusion, enhancing climate resilience, and fostering agricultural entrepreneurship across Bangladesh. Farmers remain central to this model, and their long-term growth is tightly linked with iFarmer's evolving service ecosystem.

This case study shows that **meaningful partnerships which prioritise farmers' agency, can be profitable and offer benefits for all**. Companies should co-design services with farmers, invest in trust-based relationships, and integrate financial services with capacity building and market linkages. Simple, locally adapted technology can significantly improve participation and scale. By putting farmers at the core of the business model, iFarmer has demonstrated that value chain partnerships which are built on trust, shared values and mutual benefits for farmers and other stakeholders can maximise profits for all, with positive social and environmental outcomes.



iFarmer retailer displays the KriSHOP app in his input supply store. Credit: iFarmer



Green rice paddy in early growth. Credit: iFarmer

4. Key insights and recommendations

4.1 How value chain partnerships are being nurtured

The six case studies presented illustrate examples of value chain partnerships in which the **companies are investing in the producers and their organisations in ways that go beyond just buying their produce.**

- In Bolivia, Natur and Natessent have helped APB Porvenir to improve their products and market access, contributing to their objective to access an international market. Additionally, they work as partners rather than as supplier and buyer, because the profits and losses are distributed in an equal manner.
- In The Gambia, Munduk provides financial support and provision of equipment to cashew farmers, which bring them substantial savings in comparison to other foreign companies.
- In Vietnam, Nafoco and Hoa Phat have helped BMAC obtain certifications and infrastructure needed to enter

international markets and global supply chains, and they share financial burdens and risk with BMAC.

- In Guatemala, Ecolasa provides technical assistance, supplies, equipment and training to producers, and enables them to access an international market at above market prices through its relationship with Uncommon Cacao.
- In Tanzania, Upendo Honey provides consistent field support to beekeepers, as well as training, equipment and prompt payments, in addition to paying above the market average and buying unprocessed honeycomb, saving the farmers the cost of processing the honey themselves.
- In Bangladesh, iFarmer operates a business model based on trust and shared values, treating farmers as equal partners and offering bundled services through their technology platform including finance, advisory services, training and farming inputs.

Investing in producers and FFPOs benefits not only the producers but also the companies who are investing, since this helps to secure a sustainable and stable supply of improved-quality products which ultimately strengthens

their businesses, increasing resilience and improving profits. These partnerships are also a meaningful way for companies to fulfil their social and environmental commitments. In Bolivia, for example, through these partnerships the companies have gained access to a reliable supply of high-quality acai and royal palm, enhanced by strong social and environmental credentials that enables them to access premium markets. In the case of The Gambia, the partnership has the potential to position Munduk as a leading company in the domestic market of cashews, ultimately contributing to the national economy. In Bangladesh, iFarmer's business model is entirely dependent on farmers using their platform and being happy with their services, so investing time to build trust and address issues they are facing is essential to the company's success. Securing a stable supply of produce ultimately requires investing time and resources into fixing multiple problems faced by farmers, which are best identified and addressed by the farmers themselves.

Some common characteristics of these partnerships emerge in the different case studies, which demonstrate there are conscious efforts in place to work with smallholders in a more equitable way. In the case of Bolivia and Vietnam, the companies have **supported the producers to advance their own objectives**, which reduces the FFPO's dependence on the companies and empowers the FFPOs to achieve their objectives. In the case of Bolivia, for example, both companies have worked with APB Porvenir to improve their product and build their capacities, which will enable them to find more buyers in the future and access better markets. In Vietnam, the early support of the companies has been crucial for BMAC to establish itself as a trusted certified timber provider. In Bangladesh, iFarmer's technology platform also helps connect farmers directly with wholesalers, processors, retailers and exporters, allowing them access to better prices and more bargaining power. In Guatemala, Ecolasa was established as a commercial arm of Fundalachuá to fulfil the FFPO's objective of marketing directly to clients, and Uncommon Cacao was helpful in accessing finance. In Tanzania, Upendo Honey has supported beekeepers to overcome several significant policy challenges which have threatened their practice and livelihoods, going above and beyond its role as a buyer of their produce.

This shows the companies' interest and investment in the smallholder producers' mission and fulfilment of a social responsibility beyond their sole business objectives. As a result, farmers receive better prices and improved livelihoods, which often leads to more trust in the companies and a continued desire to work with them, which further benefits the companies. More importantly, perhaps, is that as a result of the companies' investment, smallholders and producer organisations can pursue their commercial objectives independently and successfully, which could be considered one of the ultimate measures of success of these partnerships.⁸

In other cases, we see examples of companies **investing in the cost of the FFPO's operations and infrastructure**. For example, in The Gambia, Munduk offers storage, processing and transport facilities to FFPOs including the use of its weighbridge. In Bolivia and Vietnam, the companies have invested in certifications for the FFPOs which help them to access global markets, and have invested in infrastructure and equipment for the FFPO such as the acai processing facility and the sawmill. In almost all cases, the companies offer training to the FFPOs in a variety of topics. These investments all add up to significant savings and improved capacities for the FFPOs, whether they be apex-level co-operatives, local co-operatives or individual producers.

Many companies featured here offer **prefinancing and loans** to the farmers. Prefinancing allows farmers to receive finance prior to the sale of their produce and ensure a more consistent cashflow. Access to other financial services such as quick loans are very useful for smallholders who often are excluded by conventional finance providers. In Tanzania, Upendo Honey pre-buys a portion of the harvest prior to the harvesting season. In Bangladesh, iFarmer disburses loans at the beginning of the harvest season, with repayment only expected at the end once produce has been sold. It is also currently testing an insurance service. In The Gambia, Munduk's prefinancing portfolio remains small, but it also provides small interest-free loans to the cashew co-operatives to cover emergency cash needs. In the future it hopes to expand its financial support, which would enable the cashew co-operatives to buy their members' produce directly from the farms, saving the farmers from having to take their cashews to market themselves.

Several of the case studies demonstrate examples of companies **offering bundled services to FFPOs and producers**, which helps to streamline support to farmers and make it easier for them to access everything they need in the same place. In Bangladesh, iFarmer's technology platform is built around the idea that they "bundle everything a farmer needs to maximize profit" (iFarmer). Similarly, Upendo Honey offers a range of services to beekeepers, including access to finance, equipment and training. All of the other examples offer at least more than one service to farmers, including access to finance and equipment (The Gambia), technical assistance, training and supplies (Guatemala) and investment in certifications, equipment and training (Bolivia and Vietnam). The provisioning of a bundle of services is a key factor in integrating smallholders into modern supply chains. Concerns about the appropriateness and ability of companies to provide this have been raised,⁴ but these examples show that companies can provide this in a sustainable and profitable business model.

Finally, many of the case studies illustrate **partnerships which do not lock in producers**. The FFPOs and producers are not forced to sell to the company if they are able to find a better deal elsewhere. This helps them retain negotiating

power and maintain an equal power dynamic between the companies and the producers. It is also an important difference from other direct trade cases that have been criticised for preventing smallholders from accessing better prices.⁶ This is the case for Munduk in The Gambia, Upendo Honey in Tanzania and Ecolasa and Uncommon Cacao in Guatemala. Furthermore, services offered by iFarmer in Bangladesh are optional to farmers: they do not have to use the platform even if they are registered. In Bolivia, although APB Porvenir is not compelled to sell its produce to Natur or Natessent, it is reliant on Natur for the sale of over 80% of its acai product, which also presents a challenge.

4.2 Ways to strengthen equitable partnerships

The case studies also shine light on several challenges that FFPOs and companies face in trying to establish a more equitable value chain partnership. In several cases, we can see that **the role of other stakeholders is still significant** and the partnership could not be sustained in the same way without the support and investment of NGOs or other organisations besides the company or the FFPO. For example, in The Gambia example, SFL was instrumental in making the partnership happen and remains the main signatory with Munduk. Munduk is still reliant on SFL to provide financing to continue the agreement with FGCFA, and this is a condition for FGCFA to be able to sign an agreement with Munduk directly. Without continued support from SFL, it is uncertain whether the partnership between Munduk and FGCFA will be able to continue, or whether Munduk will have the resources needed to provide prefinancing to the FGCFA co-operatives. SFL currently holds too much power in the partnership and raising financing to support Munduk to engage with FGCFA directly would help to rebalance the power dynamic. In addition, the Munduk—FGCFA partnership is still **dependent on external finance**. The future of the partnership is uncertain without continued financing from SFL.

In Vietnam, the involvement of VNFU and FFF was crucial to establishing the partnership and developing capacity building and risk-sharing mechanisms for both BMAC and Hoa Phat. In Bolivia, support from GIZ and FFF was key to securing the necessary certifications to access Natur's markets. In Guatemala, support from FAO was instrumental in establishing Ecolasa, including assisting with legal services for the company's incorporation and providing infrastructure to improve Fundalachuá's harvesting, collection, fermentation, drying and storage processes. It is important to mention that **NGOs and programmes such as FFF have an important role in the facilitation of these partnerships and supporting them to develop**. Often, these organisations are the drivers of such positive partnerships. However, there is a risk to the sustainability and equity of these partnerships if

the influence of the third party is too strong or the partnership is fully dependent on external funding.

On a different topic, these cases show that often the companies purchase an unprocessed product. In Tanzania, Upendo Honey buys raw, unprocessed honeycomb, which saves the farmers from losses in unprocessed beeswax and reduces their waste products. In Bolivia, APB Porvenir is able to sell acai pulp directly to Natur for freeze-drying, and Natur then sells the final freeze-dried product to Europe. In Guatemala, Fundalachuá can sell cacao to Ecolasa 'in *baba*', meaning it has not yet been dried or prepared for export. Although this saves the FFPOs and smallholders the time and money it would take them to process the product themselves, this could also limit an FFPO from moving up in the value chain.

However, the Bolivia case study presents an interesting paradox in which the support from Natur and Natessent to APB Porvenir has enabled the FFPO to build its capacities and improve its product, but the complex processing (such as the freeze-drying) is done by the companies. APB Porvenir now has the ambition to eventually conduct these activities and sell directly to international markets. **The partnership with the companies paradoxically puts the FFPO in a position to move up the value chain** where it could potentially compete directly with the company for buyers. This could be a challenge but currently the FFPO is still reliant on Natur for their freeze-drying services and 80% of their sales of acai pulp, but it is worth mentioning that Natur also depends almost exclusively on APB Porvenir for the acai supply. It can be said that they have become dependent on each other and are growing together.

Two of the case studies — Bangladesh and Tanzania — highlight strong examples of company partnerships with individual smallholders rather than organised FFPOs, bringing clear benefits through direct trade and provision of a bundle of services to farmers with a more equitable approach. The case studies of company and FFPO partnerships show that in addition to those benefits, the partnerships can contribute to strengthening the FFPOs to advance their enterprises and operate independently. This has also been raised by other studies that suggest that partnerships with FFPOs can strengthen their managerial capacities and better promote farmer entrepreneurship.^{42,43} Some literature suggests that individualised approaches in these partnerships can, in some cases, undermine producer organisations by shifting focus away from collective structures that support long-term resilience.¹⁵ FFPOs are typically member-based organisations that have co-operative values and are well placed to distribute benefits more widely and reinvest in their communities, ultimately contributing to stronger rural economies and resilience.^{44,45} Importantly, FFPOs are also best positioned to identify and address the interconnected challenges that producers face: an essential step in securing long-term, sustainable supply for companies.

One could argue then that **partnerships with strong collective organisations can have a positive impact on the wider community, while also contributing to more stable, resilient supply systems that benefit companies in the long term.**

Finally, it is important to note that it proved difficult to find more of these examples of innovative and equitable partnerships between companies and smallholders or their organisations, which may indicate that such models remain relatively rare in practice. This highlights the ongoing need for greater effort to develop and document inclusive business models that meaningfully and equitably integrate smallholders. Practitioners and NGOs working in the forest and farm space have a crucial role to play in facilitating these partnerships — building trust, strengthening local organisations, and ensuring that smallholders are not just suppliers but valued business partners.

4.3 Recommendations

Drawing on these case studies and discussion, the following recommendations can be proposed for companies looking to engage in more equitable value chain partnerships with smallholders, as well as NGOs and other stakeholders involved in brokering and nurturing these partnerships. Companies should invest in FFPOs and smallholder producers in ways that go beyond just buying, not only because this benefits the producers, but because it ultimately strengthens the companies' business. They can do this by:

- Investing in the FFPOs operations and/or infrastructure (such as storage, processing, equipment, supplies or transport facilities).
- Building the capacities of smallholder producers and FFPOs (such as in managerial and technical areas that would enable the FFPO to improve its products and processes).

- Offering prefinancing to farmers or financing aligned to the seasonal harvests, helping farmers to manage their cashflow and avoid having to invest their own money in farming inputs or make loan repayments before they receive income from harvesting their produce.
- Not creating dependency of smallholder producers through limiting contracts which prevent them from selling their produce elsewhere: this denies producers the opportunity to secure higher prices if the market allows and takes away their power to negotiate better prices. Producers should be free to walk away if a partnership is not working for them.
- Offering bundled services to producers (financing, farming inputs, training and advisory services). Receiving a package of support in one place helps farmers to simplify and streamline their operations and reduces the need to work with multiple companies or organisations all offering different services.

NGOs, practitioners and other stakeholders should aim to broker successful partnerships with strong social and environmental wins by:

- Supporting equitable value chain partnerships to become sustainable and reduce their reliance on external financing (for example, through offering seed investments into a company or partnership to support it until it can generate its own cashflow).
- Encouraging companies to invest directly in FFPOs' missions instead of relying on third-party organisations for this role. This could mean investing directly in financial or operational support, infrastructure, equipment, supplies or transport facilities.



Moriche palm (*Mauritia flexuosa*). Credit: Andreas Kay via Flickr (CC BY-NC-SA 2.0)

Notes

- ¹ Hou-Jones, X, Macqueen, D, Nunez del Prado Nieto, I, Sorsby, N, and Duffy, J (2024) [Business unusual: how business and investment pioneers are transforming forest and food supply chains](#). IIED, London.
- ² A 'value chain' refers to the sequence of value-adding activities in the production of goods, in this case from forestry and farming activities.³ 'Modern' value chains refer to formal, often contract-based relationships between producers and buyers — such as supermarkets or global brands — focused on higher-value products such as fresh fruits and vegetables.⁴
- ³ Braun, CL, Bitsch, V and Häring, AM (2023) [Developing agri-food value chains: learning networks between exploration and exploitation](#). *The Journal of Agricultural Education and Extension*, 29(4), pp. 417–438.
- ⁴ Guarín, A, Nicolini, G, Vorley, B, Blackmore, E, and Kelly, L (2022) [Taking stock of smallholder inclusion in modern value chains: ambitions, reality and signs of change](#). IIED, London.
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- ⁶ Bennett, EA and Grabs, J (2024) [How can sustainable business models distribute value more equitably in global value chains? Introducing "value chain profit sharing" as an emerging alternative to fair trade, direct trade, or solidarity trade](#). *Business Ethics, the Environment and Responsibility*, 34 (2), pp. 581–601.
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- ⁹ Vermeulen, S and Cotula, L (2010) [Making the most of agricultural investment: a survey of business models that provide opportunities for smallholders](#). IIED, London.
- ¹⁰ Grabs, J (2020) [Selling sustainability short? The private governance of labor and the environment in the coffee sector](#). Cambridge University Press.
- ¹¹ Macqueen, D, Dufey, A, Gomes, APC, Nouer, MR, Suárez, LAA, Subendranathan, V, Trujillo, ZHG, Vermeulen, S, Voivodic, M de A and Wilson, E (2008) [Distinguishing community forest products in the market: Industrial demand for a mechanism that brings together forest certification and fair trade](#). IIED, Edinburgh.
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- ¹³ Cole, NL and Brown, K (2014) [The Problem with Fair Trade Coffee](#). *Contexts*, 13(1), pp. 50–55.
- ¹⁴ Borrella, I, Mataix, C and Carrasco-Gallego, R (2015) [Smallholder farmers in the speciality coffee industry: opportunities, constraints and the businesses that are making it possible](#). *IDS Bulletin*, 46(3), pp. 29–44 (payment or subscription required).
- ¹⁵ Fischer, EF, Victor, B and Asturias de Barrios, L (2021) [Quality versus solidarity: Third Wave coffee and co-operative values among smallholding Maya farmers in Guatemala](#). *The Journal of Peasant Studies*, 48(3), pp. 640–657.
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- ¹⁷ Bassett, TJ, Koné, M and Pavlovic, NR (2018) [Power relations and upgrading in the cashew value chain of Côte d'Ivoire](#). *Development and Change*, 49(5), pp. 1,223–1,247 (payment or subscription required).
- ¹⁸ The Forest and Farm Facility (FFF) is a partnership between the Food and Agriculture Organization of the United Nations (FAO), the International Union for Conservation of Nature (IUCN), the International Institute for Environment and Development (IIED) and AgriCord.
- ¹⁹ Covey, J, Macqueen, D, Bolin, A and Hou Jones, X (2021) [Co-producing knowledge: a demand-led, prosperity-focused, research agenda with forest and farm producer organisations](#). *Environmental Science and Policy*, 124, pp. 336–347.
- ²⁰ FFPOs are formal or informal member-based organisations that operate in forested landscapes and grow, manage, harvest and process a wide range of natural resource-based goods and services for subsistence use and sale in local, national and international markets.^{21,22} They can be associations, co-operatives, community enterprises, unions, federations and other diverse groups.
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- ²² Macqueen, D (2022) [The Forest and Farm Facility \(FFF\) approach delivering climate resilient landscapes and improved livelihoods](#). IIED, London.
- ²³ Asociación de Productores del Bosque Porvenir (APB Bolivia — Association of Porvenir Forest Producers), Bolivia.
- ²⁴ Palma real in Spanish.
- ²⁵ Federation of Gambia Cashew Farmers Association (FGCFA), The Gambia.
- ²⁶ Binh Minh Agroforestry Co-operative (BMAC), Vietnam.
- ²⁷ Fundación Laguna Lachuá (Fundalachuá — the Laguna Lachuá Foundation), Guatemala.
- ²⁸ We use 'cocoa' and 'cacao' throughout to distinguish the raw product (cacao) to the processed one (cocoa).
- ²⁹ Sociedad de responsabilidad limitada (limited liability company).
- ³⁰ Natur, Who We Are. <https://natur.com.bo/who-we-are>

- ³¹ Interview with Natessent (3 January 2025).
- ³² Interview with Lisandro Saucedo, Associate of APB Porvenir (27 December 2024).
- ³³ In Bolivia, an “asociación accidental” is understood as a temporary association between two or more parties who agree to collaborate on a specific business or project without forming a separate legal entity.
- ³⁴ See <https://liffproject.com>
- ³⁵ Nguyen, HN (2024) [How good governance has transformed an agroforestry co-operative in Vietnam into a thriving business](#). IIED, London.
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- ³⁷ See www.uncommoncacao.com/pages/transparent-trade
- ³⁸ Lugeye, S and Ngetti, M (2020) [Analysis and challenges of co-operatives in agriculture, livestock and fisheries in Tanzania](#). ANSAF, Tanzania.
- ³⁹ See <https://ifarmer.asia/en/farmers>
- ⁴⁰ See <https://dribbble.com/shots/21891436-Krishop-Transforming-Agri-Input-Retail>
- ⁴¹ A bigha is a traditional unit of measurement of an area of land commonly used in Bangladesh. A bigha is 1,600 square yards or roughly equivalent to a third of an acre.
- ⁴² Manyise, T and Dentoni, D (2021) [Value chain partnerships and farmer entrepreneurship as balancing ecosystem services: Implications for agri-food systems resilience](#). *Ecosystem Services*, 49.
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Over the past two decades, efforts to integrate forest and farm smallholders into modern value chains have aimed to achieve positive social and environmental impacts. However, business partnerships within these chains are often shaped by underlying power imbalances, failing to address deep disparities in information, resources and capacities. Because of this, smallholders can sometimes lack genuine representation and voice.

Instead, equitable value chain partnerships should invest in smallholder producers and their organisations in ways that go beyond just buying. Companies should provide a bundle of services to smallholders such as finance, inputs, skills, access to markets and more. Equitable partnerships should also invest in the broader local community, considering the interconnected systems at the landscape scale and the diverse markets that sustain them. This should ensure the long-term health and resilience of the environments and communities from which companies source their products, ultimately strengthening their business through a sustainable and resilient supply.

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