THE BUSINESS OF FOOD SECURITY:
Profitability, sustainability and risk

The Crawford Fund
2015 Annual Parliamentary Conference
Parliament House, Canberra

10-12 August 2015

Editor: Janet Lawrence
Opportunity, challenges and stamina – an operational experience in Indonesia

Lim Jung Lee
President Director of PT Syngenta Indonesia and Board Member of PisAgro
(Public-Private Partnership in Sustainable Agriculture)

Abstract

The alignment of strategy and vision between government and member organisations in PisAgro is an important foundation to achieve market based Thought Leadership via an inclusive model. In practice, however, working across a large group of multi-stakeholders with different ideologies, working cultures and agenda is challenging. As projects progress from simple pilots to scale ups, the complexity of managing these projects increases, adding more pressure on limited management and field resources. In order to ensure scale-up sustainability and addressing project implementation complexities, the inclusive culture of leveraging strengths, expertise and sharing best practices of partners, have to be inculcated. Lastly, in the longer term, there must be continuity of strong leadership in the public and private sectors to drive the food security agenda. At the operational level, there must be stamina to complete the journey, supported by the courage of parent companies and donor organizations to continue to invest in market based opportunities to achieve crop productivity gains, farmer prosperity and environmental sustainability.

Alignment of strategies

Food security policy and objectives are formulated by the government. However, it takes concerted effort by all parties involved in food production to ensure that the government’s vision of food security is achieved. The first step in ensuring food security for a nation is to align strategies by all players in the industry to meet the government’s vision (Fig. 1). It is also important to note that the private sector and NGOs need to build their food security objectives around the strategies of the government and not vice versa.

The Indonesian Government has ambitious food security plans and aims to achieve self-sufficiency on rice and corn production in three years. PISAgro was founded in 2012 to provide an innovative, multi-stakeholder model for addressing the agricultural challenges of the nation. PISAgro is a voluntary organisation and its success is primarily
driven by private sector business leaders who are passionate on its 20:20:20 vision (which is 20 per cent increase in yield, 20 per cent increase in income, 20 per cent reduction in emission gas) to achieve crop productivity, grower prosperity and environmental sustainability.

In 2013, Syngenta launched its Good Growth Plan, which has six specific commitments to address critical challenges the world faces in feeding a growing population. These six commitments mirror the visions and aspirations of both the government and PisAgro in achieving food security and sustainable food production. In the PisAgro Corn productivity project, PisAgro, Syngenta and other private sector companies take direction from the government and successfully align strategies to meet a common objective. When all these organisations are aligned, implementers at operational level are able to go out into the field to participate actively in the projects. This will also allow implementers the freedom to steer the project, innovate and to take on challenges.

**Opportunities**

From a business point of view there are vast business opportunities in Indonesia. There is 45 million ha of agricultural land and a wide range of
Crops are cultivated. Productivity in the majority of these areas is low. For example, the Indonesian national average corn yield is 4 tonnes per ha compared to more than 10 tonnes in the Americas. Adoption of high-yielding hybrid varieties is only about 65% on the 3.5 million ha of corn in the country.

Business opportunities are the main driver for the private sector. In Indonesia, Syngenta participated in four projects under the PISAgro umbrella (Fig. 2). There are clear business objectives for each of these projects. In the first project on cocoa, the business objectives are about extending market leadership and progressively improving the market-share in this sector. These can be achieved via a farmer outreach program that focuses on education and training, on adopting high-yielding clones, improved cocoa quality and productivity.

On the second project on coffee, the business objective is about developing a new business on a new crop. On the third project on corn, the objective is to expanding our market share and establishing new geographical footprints. There are clear advantages being a ‘first mover’ and establishing a brand in a new geography for future growth. In the last project on mangoes, the objective is to re-focus and revitalising the business in the fruits sector.

The secondary opportunity that arises from PisAgro projects is government stakeholder engagement and to achieve thought leadership in food security. Under the PISAgro umbrella where there are strong links to government stakeholders, vast opportunities exist to showcase best practices and achievements to engage government stakeholders in Indonesia. Such engagement can reach the highest level in government hierarchy, i.e. the President of Indonesia (Fig. 3).

It is also important to note that the administrative system in Indonesia is decentralised. As such, engagement with local provincial governments is a very important platform to ensure success commitment in local communities where partnership projects are implemented. Clearly, under these partnership programs there are ample opportunities to work closely and build relationships with local provincial governments.
Figure 2. Developing business objectives.

Figure 3. Thought leadership.
Challenges
There are three key challenges in inclusive projects. The first is ‘inclusiveness’, the second is the need to experiment with unproven business models, and lastly, the ability to leverage and resource the projects.

‘Inclusiveness’ is a new terminology in a new business model that is not well understood. It can be frightening since it requires all parties in the public and private sectors that are associated in a food production chain to work together. Inclusiveness also means that all members of the work group are required to work under the ‘consensus culture’, with each member taking an equal responsibility to execute tasks under a common objective. Working across multi-stakeholders and multi-partnerships for a common goal is a challenge. This is mainly due to the fact that different organisations have different ideologies, working cultures and agendas.

To overcome this challenge, it is best to segment the potential partnership population and to target the right segment for eventual partnership. From personal observations, the population that is involved in food security can be classified into three categories; the first category is the ‘believers’. This group of people is the more passionate on food security and members are committed to make a difference on grower prosperity. The second group comprises the ‘idealists’, who are driven very much by their personal beliefs and strong perceptions. Because they have strong ideologies and beliefs they can be inflexible and difficult to work with. The third group are ‘NATO’ (No Action, Talk Only), which simply means that these people will only provide lip service. Clearly, it is important to choose ‘believers’ as partners in inclusive projects since the passion and commitment will ensure the success of partnership projects.

Inclusiveness also means that there is a need to work with competitors. By design and by training, competitors are trained to outsmart and out-compete each other. There is a Chinese proverb that says: ‘There cannot be two tigers on the same hill’. This proverb clearly descripts what happens when has two or more competitors are group together and operate in the same territory and business. The question is, can we
promote inclusiveness amongst competitors? How can we share information and can we leverage on each other’s strengths?

Four or five years ago when the PisAgro corn project was initiated, there was very little experience with the Public-Private Partnerships model. A two-prong approach was adopted and the objective was to reach more farmers in a short time. The first prong was to be led by the extension service. The second prong was to be led by the private sector, which mainly comprised of competitors in the input industry. The first prong was doomed to fail because it was the wrong partner. The second prong was also doomed to fail because there were too many tigers on the same hill (Fig. 4).

**Figure 4.** Failed experiment – two-prong approach to reach more farmers.

Simplicity makes for a good basis

Simplicity is the basis for a successful partnership program. As the saying goes: ‘A rolling stone gathers no moss’. A rock that is solidly embedded on the ground surrounded by water, nutrients and positive energy cultivates healthy mosses. Simplicity in partnership programs means having a common objective, no hidden agenda, choosing to work with ‘believers’ and having clear roles for each of the partners (Fig. 5).
This is clearly demonstrated in the mango project that was started in 2014. This project aims to increase farmers’ income by introducing technology and knowhow to induce early fruit production in the off-season. Within one year of project initialisation the project reached 8,000 farmers and increased farmers’ income fivefold (Fig. 6). It is simplicity that drove the success of this project. The vision and objectives are clear, all six partners are committed and each partner has a clear role. Every partner leverages on each other’s strengths and together implements our action plans to ensure the objectives are met.

Figure 5. Simplicity is the key to its success.

Figure 6. Indicators of success.
In a second case study on the corn project, which after an initial year’s struggle with partnerships, the two-prong model was terminated (Fig. 7). A more simplified structure has been put in place. Partners in the project have been revised with ‘believers’ working on the project. To accommodate competitors, it is important to create space or territory of operation, so each competitor can focus their energy in the project. This was achieved through sub-committees giving competitor the flexibility to implement their own ideas and action plans. Common information and best practices can be shared.

Figure 7. Year-to-date achievements.

An example of success with this best practice in the corn working group is on micro-financing (Fig. 8). This is a new financial tool in Indonesia, which is fraught with many unknowns and challenges. However, both Monsanto and Syngenta believe that micro-financing is an enabler for wider adoption of agricultural technology in Indonesia. Monsanto piloted its first micro-financing model in East Java while Syngenta piloted another micro-financing scheme in Nusa Tenggara, East Indonesia. Since this business model is untested, there are many lessons needed. At each stage of the implementation, ideas were shared and
models were re-tested. The end result of learning from each other was two successful micro-financing models.

Figure 8. Corn microfinancing model.

Stamina
Imagine ourselves, instead of sitting in this room, we are now running the 46 kilometre marathon. In the test for endurance, stamina is the key to achieve the final goal. Similarly, a successful conclusion of a Partnership program requires stamina. As projects progress and scale up they become more complex. More resources will be required. Partners must continue to be motivated and energised. In the mango project there are 8000 farmers today but the scale up target is 350,000 farmers in 5 years. The corn project has reached 200,000 farmers and the final target is five million farmers by 2020. While the scale-up numbers look ambitious and challenging, the private sector will look at the scale-ups as business opportunities. Business is about taking the challenges and resolving the complexity.

Conclusion
Life is a journey. Transforming the life of a farmer for the better is an even tougher journey. This journey, however, can be more pleasant if partners work together to remove the obstacles along the way and by
pulling resources together. This is the new inclusive model of partnership for a better mankind.

Dr Lim Jung Lee is the President Director of PT Syngenta Indonesia (2010–present). Previously, he was the Country Head for Syngenta Crop Protection Sdn Bhd, Malaysia (2007–2010), and the Head of Lawn and Gardens, Asia Pacific, Syngenta Singapore (2003–2007).

Dr Jung Lee has 34 years of experience in the agriculture industry; spending about 10 years in Research and Development; published more than 35 papers on new findings in crop protection and crop productivity; more than 20 years in Marketing, Business Management & General Management; including four years in regional role in Asia Pacific (Asia & Australasia). Dr Jung Lee is the Founder and Board Member of PisAgro (2011–present); Chairperson of the Malaysian CropLife and Public Health Association (2000–2004); and President of Malaysian Plant Protection Society (1996–1997).

He completed his B.Sc (Hons) in Biology – Entomology at Universiti Sains Malaysia, Penang (1979) followed by a post-graduate diploma in Applied Parasitology and Entomology, Institute for Medical Research, Kuala Lumpur in the same year. He obtained his PhD in Biology – Entomology at the Universiti Sains Malaysia, Penang in (1995).