
New submission from 2020 Shared Value Awards application - Shared Value Project of the Year

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Primary contact

Contact name

Prelia Moenandar

Email

prelia.moenandar@corteva.com

Phone

+6598276208

Address

[21 Biopolis Road](#)
#07-21 Nucleos South Tower
Singapore, Singapore 138567
Singapore
[Map It](#)

Where did you hear about the Shared Value Awards?

From a colleague

About your organisation

Organisation name

Corteva Agriscience

Organisation type

Corporate

Website

<https://www.corteva.sg/>

Overview

Corteva Agriscience is creating shared value initiative in partnership with PRISMA, a development partnership between Australian and Indonesian Government aims to accelerate poverty reduction through promoting inclusive economic growth. The initiative aims to increase corn farmers' productivity and profitability in underperforming planting areas through the adoption of Corteva's hybrid corn seeds technology. Since 2016, the initiative has benefited 13,589 smallholder farmers (75% of them living under \$5.50 per day) by experiencing a 130% yield increase and 170% additional income in Madura, East Java, Indonesia and has nearly tripled Corteva's sales of hybrid corn seeds in the area by 278%.

What is your shared value project or initiative?

Name of project or initiative

Corteva – PRISMA Partnership: Promoting Rural Income through Support for Market in Agriculture

What makes your project or initiative a leading example of shared value in action?

What economic opportunity does your shared value project/initiative deliver?

Before 2016, the adoption of hybrid corn seed in Madura was a mere 10%, compared to over 90% in the East Java mainland. While Madura island represents 30% of the planting area in East Java province, the productivity (1.7 MT/ha) was less than half of those of the region (5 MT/ha). With that productivity rate, Madura farmers can only produce 0.5

tons, with only around \$175/ha in income per season.

Meanwhile, as a leading agricultural input company globally, Corteva has had tremendous success with hybrid corn seed technology. With a wide range of seed technology supported by competent field staff, Corteva is a pioneer in entering new market areas and serving underperforming farmers. For improving the production and productivity of corn farming even in marginal soil, Corteva seed products have the potential to increase the yield on average by 130%. If Madura corn farmers shift to quality hybrid corn seed and applying embedded Good Agriculture Practices (GAP), they will experience potential income as much as \$600/ha.

With insights and various strategy recommendations from PRISMA's market assessment and collaboration proposal, Corteva saw a clear commercial opportunity that aligns with the company's vision and values. Through increasing the adoption of hybrid seed technology, Corteva can increase its seed market share, support corn production target achievement in Madura districts and East Java province, and simultaneously contribute to the livelihood of Maduranese corn farmers.

What social issue(s) does your shared value project/initiative address?

There are more than 370,000 corn farmers in three districts of Madura island. Based on PRISMA's Impact Assessment in 2017, 75% of those farmers lived under \$5.50/day. More than 75% of Madura farmers use local varieties and are often reluctant to invest in the better-quality seed. Culturally, they perceive corn as a staple commodity instead of as a cash crop. These economic and social barriers have led to the failure of previous commercial efforts made by private seed producers and further disincentivized them to tap Madura for potential seed market expansion. With minimal educational and promotional activities by seed producers, Madura farmers faced constraints in accessing and adopting quality hybrid corn seed. This constraint led to low productivity and losing out significant potential income.

By increasing the adoption of high-yielding seed through introducing hybrid corn seeds to farmers in Madura, Corteva could achieve two of its main targets. First, Corteva can increase brand awareness and distribution channels in new market areas. By tapping on underperforming districts in Madura, Corteva can expand its market share beyond the highly saturated seed market in many other districts of East Java.

Secondly, by venturing into the Madura, Corteva can accelerate the knowledge sharing of Good Agriculture Practices (GAP) and the adoption of quality hybrid seed to achieve higher production of corn grain in Madura. With the increase of hybrid seed adoption, more companies will expand access to services, such as off-taking and financing to Madura farmers. These efforts will eventually contribute to the development of the economy in Madura districts through yield and income increase of corn farmers and access to broader agriculture inputs and services.

Shared value solution description

With market insights and facilitation support from PRISMA, Corteva applied three main strategies in the hybridization initiative in Madura through the introduction of quality hybrid corn seeds. First, Corteva promoted the right seed product specific for the market segment like Madura. Two of Corteva's products, P35 and P36, are ideal for the Madura market for a few reasons. Like local seeds, these products only require less than 100 planting days before harvest. Physically, the color of the seeds resembles local corn, and they can grow well on Madura soil. Lastly, the seed price is affordable for new adopters.

Two, Corteva scaled up or replicated selective demand generation activities and distribution channels that work well to accelerate knowledge sharing and adoption of hybrid seed. Initially, we tested several promotional and educational activities on the field for two market segments: male and women farmers. Only after measuring its effectiveness and efficiency we can put more resources and focus on proven activities. Some of these activities include small farmer meetings and canvassing model (individual agents doing the door-to-door promotion).

The third strategy involves collaboration with local government and other stakeholders to promote hybrid corn seed. With facilitation from PRISMA, Corteva coordinated with the district-level government on area mapping of subsidy and commercial areas to minimize market distortion. To ensure a broader coverage of GAP knowledge sharing, Corteva provided training on corn GAP to government extension field staff. Also, PRISMA brought in collaboration with other actors in the value chain, such as financial institutions, to provide loans to farmers and off-takers to ensure farmers' access to markets and revenues.

Market segment and potential for scaling the solution

This initiative would be most beneficial to farmers, not only corn but also rice farmers, in areas where hybridization level is low but the need for hybrid seeds are high (due to environmental challenges like water scarcity, climate, specific diseases, etc.). Corteva is planning to reach these farmers by mapping hybridization levels across Indonesia and prioritizing strategic activities based on the challenges faced by farmers in the area.

Leveraging the best practices that Corteva has done in Madura in reaching marginalized farmers through rural marketing and inclusive marketing strategy, Corteva will scale up the initiative to reach a broader scope of farmers at the national level. Together with PRISMA, Corteva has identified potential areas such as the Southern part of Central Java, East Nusa Tenggara (NTT), and Sulawesi to introduce a value-chain model at the farmers' level. The three areas mentioned are potential to enter because they have shared characteristics: Low adoption of a better quality of hybrid

seed, limited market actor presence, and poor Good Agriculture Practices. With the new three areas combined, it is expected that Corteva will reach approximately 57,000 farming households by 2023.

Key activities and resources including a basic development plan

Key activities that have been completed and are ongoing in Madura include demand generation activities based on market research and gender analysis. As part of Corteva's plan to expand this shared value initiative to other districts in Indonesia, we have also conducted market mapping to identify potential expansion areas, market survey among corn farmers in those areas, and revisiting strategies and planning for the demand generation activities.

Different areas require a different approach to introducing innovation; therefore, Corteva has developed specific strategies around Rural and Inclusive Marketing. In NTT, for example, 70% of the farmers are still using retained seeds with degraded quality and doing traditional farming practices. Together with PRISMA, Corteva will conduct a Behavior Study to get a better understanding of how to develop an effective marketing campaign in NTT. With limited agriculture kiosk in the region, Corteva will also trial mobile selling activities to provide closer access to the products, trigger the development of small businesses in the area, and increase farmers' knowledge on proper GAP. By employing young people as sales and promotion agents, Corteva also creates job opportunities for youth in the region.

Sulawesi and Central Java are categorized as a relatively more developed market compared to NTT. Therefore, the plan to capture these areas is to replicate the best practices in Madura, such as mapping commercial and subsidy areas to avoid overlap, collaborate with other stakeholders like financial institutions and off-takers, as well as scaling up demand generation activities in both areas.

For the national-level strategy, inclusive marketing program will be mainstreamed through series of training for internal staff and women-led agents of change. Moreover, improvement in monitoring and data analysis will be conducted to adequately capture wider commercial and social impact and eventually beneficial for strategic development and decision making.

Measurability

Impact analysis is conducted with two main purposes: Marketing and promotion effectiveness and social impact. Indicators that are used to measure the success of this initiative include Marketing RoI, Hybrid corn seeds adoption rate, Sales increase, Farmers' productivity increase, Farmers' Net Attributable Income Increase (NAIC), and Social Return of Investment (S-RoI).

Using Comparison Group methodology (User and Non-User), impact assessments at the farmers' level are usually done once a year, in April-May after the main harvest season. The sample of users is taken randomly from the attendance list from a series of activities that have been conducted before and during planting season, while for the non-user respondents, the snowball approach is applied.

For marketing and promotion effectiveness, analysis is conducted based on activity record indicators: budget, number of participants, direct sales during the events to measure sales conversion rate. The questions around farmers' satisfaction and preferred information channel are also presented in the quantitative survey for the farmers.

Combining the analysis at farmers level and marketing effectiveness helps Corteva to develop better marketing strategies for the upcoming planting season as well as provide insights to improve resource efficiency to achieve greater social and commercial outcomes.

Tangible results to date

From 2016 to 2018, the initiative has succeeded in benefitting 13,589 farmers by switching from local and OPV seed to hybrid corn seeds. This behavior change has increased their yield by 1.3 times and increased their income by 170%. On the commercial side, this initiative has succeeded in increasing Corteva's sales of hybrid corn seeds by 278%.

Corteva's presence in Madura has contributed to the overall increase of hybrid corn adoption rate in the area. Since the initiative started, farmers' adoption rate towards corn hybrid seed in Madura, especially in Sumenep and Pamekasan sub-district, has increased to 14%, where Corteva contributes 33% of the total hybrid seed market share. Based on the Diffusion of Innovation theory, this rate has reached a critical point where it is likely to self-sustain.

Moreover, Corteva's strong commitment to developing the marginalized market also has positive impacts on SMEs' development in Madura, Central Java, and NTT. For instance, the number of agriculture input kiosks selling Corteva's products grew by 185% in Madura, and 19 individual entrepreneurs (37% woman) emerged in these three areas.

Finally, Corteva, with support from PRISMA, is determined to continue the effort in providing shared value to the farmers. Corteva believes that stakeholder collaboration is essential to ensure sustainability; therefore, Corteva is committed to engage with wider market actors to provide easy access to products and services to the farmers, especially in underdeveloped areas.

Please provide relevant documentation to support claims made in this application.

Upload any supporting documentation

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Official endorsement

Endorsement

- I am authorised to submit this application on behalf of my organisation and confirm that all required approvals have been sought and received.
- I acknowledge that in order to finalise this application I will pay the relevant administration fee.