Phase 1 in review
2015/2016
In 2015, following a 4-year cycle of support for the Innovation and Sustainability in the Value Chain (ISCV) program whose actions aimed to strengthen the development of sustainable and innovative micro, small, and medium sized companies, foster innovative relationships in different value chains, and support entrepreneurship, the partnership between the Citi Foundation and the Center for Sustainability Studies of the FGV has been renewed and is now focusing on the subject of food supply in large urban centres.

Through the Bota na Mesa program, we continue to enable small enterprises to access an innovative and interactive environment essential for businesses to thrive today. The support for micro-entrepreneurship to develop sustainably and have fair relationships with large organizations is a central subject to the socio-economic progress of our country, and sponsorship of GVces projects makes it possible to address this cause.

The initiative, the first phase of which began in September 2015, brings entrepreneurship, innovation, and sustainability to small family farmer organizations in the urban and peri-urban perimeters of the city of São Paulo, seeking to support their insertion into the market and improve their income and quality of life — as well as fostering an activity with great socio-environmental potential for large cities.

In addressing the enhancement of a complete value chain, the program aligns itself with the Citi Foundation’s mission of allocating its investments for the promotion of economic progress in communities around the world, with a focus on initiatives for Financial Inclusion, Economic Opportunities for Youth, and Urban Transformation.

The results of the Bota na Mesa program presented here reinforce the role of small organizations in food production and the development of large cities, as well as proving the strength of dialogue and approachement between actors in promoting fairer and more sustainable value chains.

Priscilla Cortezze
Superintendent of Corporate Affairs and Sustainability at Citi Brazil
# Summary

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  What We've Brought With Us</td>
<td>5</td>
</tr>
<tr>
<td>2  The Bota na Mesa Program</td>
<td>8</td>
</tr>
<tr>
<td>2.1 Starting Point</td>
<td>9</td>
</tr>
<tr>
<td>2.2 Our Script</td>
<td>12</td>
</tr>
<tr>
<td>3  Field Day</td>
<td>14</td>
</tr>
<tr>
<td>3.1 Producer Organizations</td>
<td>15</td>
</tr>
<tr>
<td>3.2 Retail</td>
<td>26</td>
</tr>
<tr>
<td>4  Paths Unfolding</td>
<td>29</td>
</tr>
</tbody>
</table>
What We’ve Brought With Us

“We fully expect the organizations which are participating in the project to improve their practices, improve the attributes of their products, which will qualify them for greater insertion into more interesting value chains. In addition, to influence purchaser companies or organizations so that they are increasingly better able to deal with small organizations is part of our mission.”

Paulo Branco, Program Coordinator Innovation in Value Creation, at GVces
Believing in the importance of small and medium-sized enterprises for the creation of more sustainable value chains, GVces, the Centre for Sustainability Studies of the Fundação Getulio Vargas School of Business Administration (FGV-EAESP), has been working for over a decade on initiatives which seek their inclusion via an agenda of development and coordination with actors such as investors, buyers, public policymakers, civil society organizations, and other important links within the innovation ecosystem.

Between 2004 and 2011, with support from the World Resources Institute (WRI), Banco Real and the Citi Foundation, GVces coordinated the New Ventures Brasil project, which identified innovative and sustainable ventures with potential for investment and supported the selected entrepreneurs through the improvement of their business plans. The process culminated annually in the holding of the Forum of Investors in Sustainable Business, with presentations of projects and debates with potential investors.

In 2012, with the support of Citi and sponsorship of the Citi Foundation, the Innovation and Sustainability in the Value Chain project was initiated, which aims to foster best supplier management practices in large companies and in their approach to innovative and sustainable small and medium-sized enterprises.

Furthermore, GVces developed the Innovation and Sustainability in Global Value Chains project, with the support and partnership of Apex-Brasil, the Brazilian Trade and Investment Promotion Agency. The aim is to help innovative and sustainable micro and small companies access international markets.

The initiative is now in its second cycle. Over 40 companies have now been through a development process which aims to strengthen their sustainability attributes and knowledge of foreign trade.

It was in 2014 however, that this work dynamic came closer to the universe of food production. During this year, and in partnership with the Department of the Environment of the State of São Paulo (SMA), GVces worked on business models together with five family farmer cooperatives to deploy the investments received from the Project for Sustainable Rural Development (PDRS) - Microbacias II, carried out by the SMA with support from the World Bank. This process, which provided an immersion in the reality of family farming, brought GVces into contact with familiar challenges typical to small and medium enterprises, but with also quite specific characteristics. The relationship between agriculture and the environment, the impact of climate variation, the relevance of agricultural production to the food security of a growing population and generation of income in rural areas, among other aspects, confer on this productive sector challenges which are not trivial.
In 2015, again with support from Citi and sponsorship from the Citi Foundation, the opportunity arose to design a project that would cast an integrated look at a specific value chain, seeking to bring its links closer together.

Stemming from this invitation, added to the accumulated experience from the previous project in partnership with the SMA, the Bota na Mesa proposal was developed, which has the aim of promoting a new perspective on the food production and commercialization chains of family farming.

For its design, the project team spoke to several representatives involved in the area from the public sector and civil society. These conversations took place on an individual basis and also via a meeting planned by the project, which brought together close to 40 representatives from these institutions with a view to debating the trading of products from family agriculture to supply large urban centres, such as the city of São Paulo. In addition, rural producers were visited in order to raise the challenges and specificities the project would need to take into account.

This initial search was essential for a better understanding of the reality and for structuring the performance of Bota na Mesa, seeking to reflect on and find new ways of working on some sensitive areas of this value chain. Some of them are: the difficulty in relationships between small producers and retail chains; the dependency of intermediaries on commercialization, which sometimes distances production from consumption and leads to an unequal distribution of value along the chain; and the need for better management practices in family farming organizations and greater dialogue among all actors.

With these issues in mind, the objectives of Bota na Mesa were defined, which consist of mobilizing the food chain in large urban centres, promoting a network which favours the inclusion of family agriculture, fair trade, environmental conservation, and nutritional and food security.

To achieve this goal, the project acted on two fronts in its first year. The first front was focused on training a group of cooperatives and associations of family farmers in the urban and peri-urban perimeters of São Paulo, with the aim of collectively building strategies and trade plans. The second front aimed to mobilize an 'anchor' company of the retail sector to improve its relationship with family farmers of fruits, legumes, and vegetables (FLV).

Over the following pages we present the main lessons and results from this first year, as well as perspectives for the next year of the project.

Happy reading!
There are many issues we face when approaching the subject of family agriculture and large centres: how do we ensure the production of food in sufficient quantity and quality to feed a growing population? Who are the key actors in this chain? How can relationships between those actors be improved, bringing production and consumption closer? In what way can land used for food production be preserved, considering the scarcity of natural resources and the relevance of those spaces to water resources and climate change?

This is the context of Bota na Mesa.
According to the United Nations (UN), by 2050 almost 70% of the world’s population will live in urban centres, a demographic movement which will also increase the number of megacities (those with over 10 million inhabitants) on the planet.

Within this future scenario, a complex challenge already present and which requires urgent solutions is the supply to populations living in those metropolises: by affecting practically every aspect of food security, this reality reveals the urgency with which the food chain must be made more resilient, sustainable, and productive.

This topic, which has recently been the subject of numerous analyses, studies, and projects, is congruent with the global development agenda. By throwing light on challenges such as the fight against hunger, food security, fair trade practices, and the reduction of impact on ecosystems, one can find a network of actors engaged in thinking of innovative solutions for food chains in large urban centres.

In São Paulo, for example, a city with 12 million inhabitants, a daily mega-operation is required to supply the more than 800 street market points, 900 supermarkets and hypermarkets, and 1,750 small and medium-sized markets. This is before factoring in institutional meals: state schools alone serve over 2 million meals a day.

In this context, several questions arise relating to the chain responsible for producing and transporting food to the consumer’s table: how to ensure the production of food in sufficient quantity and quality to feed a growing population? Who are the key actors in this chain? How can relationships between those actors be improved, bringing production and consumption closer? In what way can land used for food production be preserved, considering the scarcity of natural resources and the relevance of those spaces to water resources and climate change?

These and other issues converge on the need to understand what aspects should be addressed to integrate sustainability into the food chain that supplies large urban centres.

An important aspect pointing the way is the relevance of family agriculture, which represents over 84% of all Brazilian agricultural establishments (Agriculture Census 2006). Their inclusion and valorization can be one of the “acupuncture points” for the creation of a fairer, more environmentally sustainable chain that guarantees food security for populations.

What do these attributes mean? Why are they important?
Fair Trade

Coordinate the agents involved

Fair trade is understood to happen when the parties involved are remunerated in such a way as to guarantee financial stability, forming a basis for the maintenance of those involved in the activities they carry out. What is observable, however, is that the chains of the food trade are extensive, particularly in large centres such as São Paulo.

Of the various implications arising from this scenario, lack of transparency is the foremost. The lack of clarity regarding criteria such as price, time-scales, payments, and incidence of fees makes it difficult to create alternative ways and solutions which can meet the needs of those involved. Without knowledge of these factors, the small producer cannot negotiate or propose adjustments.

Poor transparency in the chain is also present in terms of the trajectory made by products in reaching the final consumer. The producer often doesn’t know what price his product is being sold at to the consumer, let alone the profile of those consumers. As such, producers sell their products in the dark, without the information which might render them greater powers of negotiation before intermediary actors.

Associated with this is the subject of the distribution of resources and earnings. The longer the chain, the more numerous the agents seeking remuneration for the services they provide, be they production, transport, distribution, or commercialization. In this sense, the needs of those on the very edge may be neglected, and margins unevenly distributed.

In addition to compromising the economic and social reality of those who produce, such a scenario will eventually result in risks to the volume and quality of food consumed in cities. How can an adequate remuneration be guaranteed for the producer, the first link, in an extensive chain with fiercely competed prices?
Family farming is responsible for much of the production of fruit and vegetables - essential food for people’s health. Expanding the supply of these products and promoting their consumption are fundamental for reducing health risks related to a poor diet.

It is also important to consider the challenges the population faces in accessing adequate food. The availability and pricing of nutritional food are critical issues, especially for economically vulnerable families. It therefore makes sense to think about how the mobilization of the food chain and fair trade could influence not only the remuneration of the producer but also the final price of these products for the consumer.

According to the International Fund for Agricultural Development (IFAD), agriculture can only safely be exercised in a balanced ecosystem, as it requires temperature stability, availability of water, fertile soil, and the presence of pollinating agents. Bearing this in mind, containing the advance of construction to within the borders of urban areas addresses not only an environmental factor but also ensures the maintenance of productive areas, contributes to the availability of food, and helps to shorten the route covered for food to reach the end consumer.

According to the Food and Agriculture Organization of the United Nations, the term “food security” refers to the condition in which a person can produce or buy enough food to meet his daily needs in order to lead an active and healthy life.6

---

The concentrated demand for food and the existing challenges in this chain awaken the need for coordination and approximation between the different realities in which its links are inserted. Rethinking the food chain, identifying elements which cause controversy, and opening spaces for dialogue are the central efforts to which Bota na Mesa proposes to act upon. Thus the project team went to the field to fulfil its objective: to mobilize the food chain in large urban centres, to promote networks that favour the inclusion of family farmers, fair trade, environmental conservation, and food and nutritional security.

The experiences from this first phase point to existing gaps in the relationship between farmers and the representatives of the various stages of the trading chain. Without intending to point to a solution, what is proposed here is to present the processes and results achieved as an opportunity for new questions and reflection.
TRAJECTORY WITH THE ORGANIZATIONS

2015

DIAGNOSTIC VISITS
- Field visits to learn about the management and trade processes of participating organizations.

WORKSHOP WITH SPECIALISTS
- Dialogue with experts from various sectors of society on the challenges of the commercialization of food from family farming in large urban centres.

INTEGRATION MEETING 1
- Conversation with representatives from different trade channels to share their practices and challenges with family producer organizations.
- Exchange of experience between cooperatives and associations.

INTEGRATION MEETING 2
- Engagement with organizations for preparation of Plan of Action.
- Review, deepening and sharing of ‘Canvas’ of each organization.
- Reflection on the differentiation potential of family agriculture.

2016

CO-TRAINING WORKSHOP 1
- Deepening the diagnosis of organizations, understanding internal management practices.
- Mapping and assessment of trade channels (both those already accessed and those desired).

TECHNICAL VISIT 1
- Delivery of diagnostic results and validation of GVces perceptions in relation to organizations so far.
- Preparation for integration meeting 1

CO-TRAINING WORKSHOP 2
- Definition of the trade channels considered more desirable by the producers.
- Assessment of the ability of organizations to meet the criteria required by the selected channels.

TECHNICAL VISIT 2
- Construction of the ‘Canvas’ for each organization focusing on the desired market.
- Preparation for integration meeting 2.

CO-TRAINING WORKSHOP 3
- Structuring action plans of organizations, defining priority actions, responsibilities and deadlines.
- Completion of the first cycle of the project and agreement on next steps.
Field trip

To join the ends. Bring small farmers closer to the market. Encourage best practices. For all this to happen, a joint and collaborative effort is required, as well as an openness to dialogue and a view that can encompass different realities. None of which would be sufficient without the trust of the farmers who took time off from work to participate in our workshops, and without the partnership of a retailer willing to review its practices and become more inclusive. See the route we took!
Field activity is a pillar of the Bota na Mesa program, and should be understood in a broader sense than simply its territorial definition, to include the place of agricultural production - be it rural or urban. This is to say that the project team spoke to a lot of people 'from the edge', covering many kilometres, and practically entered the homes of agricultural producers for the workshops carried out during the first phase, which is described in this publication. This process demands time, logistical effort, and interaction, but it allows for immersion in the reality of family farmers, who are at the very beginning of the FLV value chain. In addition, this approach allows for the joint creation of customized solutions for each of the cooperatives and associations, as well as reflection on the common challenges inherent to family farming near large centres.

In another link of this chain, at the stage of commercialization, and taking into account the difficulty the market faces in meeting demand with quality, a project was undertaken with an 'anchor' retailer who agreed to seek alternatives for improving relations with small producers and to support the promotion of fairer purchasing practices in the sector.

This chapter will describe the steps taken for the accomplishment of these two fronts of activity - with cooperatives and associations and with the 'anchor company' - as well as challenges and lessons learned along the way.

### 3.1 Producer Organizations

Initiating contact with a new organization with the aim of inviting it to be part of a process which will require time, disposition, and willingness to change, but which may, on the other hand, open up new market opportunities, is not something trivial. When that organization is a cooperative or association of family farmers in an urban and peri-urban context, with limited availability due to the demands of their main activity and competition with city life, this invitation becomes even more complex: it requires empathy, building confidence, clarity in proposed objectives, and adaptation of the process to the reality of that group. It was from this perspective that the Bota na Mesa team went to the field to select and also be selected by the cooperatives and associations which were to participate in beginning the project.

The search was based on a predefined territorial scope (the city of São Paulo and its surroundings) and the following selection criteria: (i) the socio-economic profile of organization members, prioritising those in more vulnerable situations; (ii) their importance to environmental conservation and resilience of the city, seeking organizations in locations relevant to the availability of natural resources and who promote good production practices; and iii) a productive potential capable of generating surplus to increase sales.

This was followed by initial conversations and visits to over fifteen cooperatives and associations, ten of which were selected (see the profile of each one in the figure below) to participate in the project and in a series of workshops and meetings, which resulted in the action plan to access the desired channel.
PARTICIPATING ORGANIZATIONS

**COOPMAIO**
Family Agriculture Cooperative
16 de Maio
44 members
Founded in 1992
Iperó - SP
Conventional and agroforestry farming
Fruits and legumes

**Sul Brasil**
Agricultural Cooperative Sul Brasil São Miguel Arcanjo
36 members
Founded in 1979
São Miguel Arcanjo - SP
Conventional farming
Fruits and legumes

**COAFI**
Family Agriculture Cooperative of Ibiúna
80 members
Founded in 2011
Ibiúna - SP
Conventional farming
Vegetables and legumes

**AAVR**
Agricultural Association of Valinhos e Região
180 members
Founded in 2000
Valinhos - SP
Conventional farming
Fruit

**COOPASMA**
Agricultural Cooperative São Miguel Arcanjo
50 members
Founded in 2013
São Miguel Arcanjo - SP
Conventional farming
Fruits and legumes
* Did not complete the training cycle of Bota na Mesa due to internal reasons

**COOPERAPAS**
Cooperative of Agro-Ecological Producers of Água Limpa da Região Sul de São Paulo
27 members
Founded in 2011
São Paulo - SP
Organic farming
Vegetables, fruits and legumes

**AIPRO**
Isabelense Cooperative of Rural Producers
20 members
Founded in 2010
Santa Isabel - SP
Conventional farming
Fruits and legumes

**COOPAVAT**
Cooperative of Agricultural Producers Cinturão Verde do Alto Tietê
25 members
Founded in 2010
Mogi das Cruzes - SP
Conventional farming
Vegetables

**COOPROJUR**
Cooperative of Rural Producers of Jundiapeba e Região
27 members
Founded in 2010
Mogi das Cruzes - SP
Conventional farming
Vegetables

**Agricultural Association of the East Zone**
16 members
Founded in 2009
São Paulo - SP
Organic farming
Vegetables

**AAVR**
Agricultural Association of Valinhos e Região
180 members
Founded in 2000
Valinhos - SP
Conventional farming
Fruit

**SANTA ISABEL**
Isabelense Cooperative of Rural Producers
20 members
Founded in 2010
Santa Isabel - SP
Conventional farming
Fruits and legumes

**Mogi das Cruzes**
Cooperative of Agricultural Producers Cinturão Verde do Alto Tietê
25 members
Founded in 2010
Mogi das Cruzes - SP
Conventional farming
Vegetables

**COOPROJUR**
Cooperative of Rural Producers of Jundiapeba e Região
27 members
Founded in 2010
Mogi das Cruzes - SP
Conventional farming
Vegetables
Training course

Within the conception of the whole process of training with the organizations, activities were sought which would broaden their perception of their own internal issues (management, governance, planning, etc.), and which would help them understand the market (channels, competition, and tendencies, among other aspects). This was important to deepen the initial diagnosis made of each cooperative, and to direct the group in defining its main objective: to access a new channel or expand its sales and improve its relationship with an already accessed channel.

The starting point for the training group, illustrated below, was a diagnosis through which information was obtained from each organization, relating to:

- Organization history: when was it founded? what was the context of its foundation? What were the motivations behind it?

- Organizational structure and management profile: is there professional management? Is the board composed of farmers? How often do you meet? How are decisions made?

- Production: what are the main products and their productive capacity? Is there integrated production planning? Is there a shared processing infrastructure? Are socio-environmental aspects taken into account?

- Management and trade: What are the main channels accessed? Is there a production surplus? How are channels prospected? Is there financial control?

From the answers obtained, an approximation to the reality of the farmers and their organizations was possible, observing the main challenges and possible paths of development for the training cycle.

It is worth highlighting the great diversity within this group of 10 selected organizations, either in terms of the level of engagement of its members, urban/rural proximity, and level of management professionalization.

On the other hand, there are traits in common, in particular related to trade challenges. In general, the dependency on intermediaries in this process distances producers from the market and the final consumer.
Experience from the first field trip also confirmed the importance of networks of producers in cooperatives and associations. These bolster the representation and bargaining power of the producer with the markets. In this sense, the role of public policy and institutional purchases should be highlighted, which in the last five years have been an important incentive in the formation of these groups.

However, organizations face a significant challenge in using that representativity and bargaining power. There is a certain difficulty in creating a sense of cooperativism and convincing them that prioritizing sales as a group, sometimes at lower prices than certain individual sales, may bring significant medium term benefits by enabling contracts that guarantee more stable prices or bulkier sales. This scenario creates other challenges, such as for example, integrated production planning of members.

With the information analysed in the diagnostic stage, we then started the field workshops, held individually in each organization, to which all members of the participating organizations were invited.

**Federal Public Policies Supporting Family Agriculture**

Of the existing policies to support and strengthen small farmers, the following are the most important:

- **National Program of School Meals (PNAE)**
  At least 30% of resources for the purchase of food for state schools is allocated to family agriculture.

- **Food Acquisition Program (PAA)**
  Assistance to populations in situations of food and nutrition insecurity from the purchase of family agriculture products.

- **Technical Assistance and Rural extension (ATER)**
  A public policy that provides technical assistance to rural properties. The objective is to improve the productivity and technology of the properties, to increase the income and the knowledge of producers.

- **National Program for the Strengthening of Family Agriculture (PRONAF)**
  Credit program allowing access to financial resources for the development of family farming.

Workshop 1: collective dream and market vision

The objectives of the first workshop with the organizations were:

- **Talk about the dream of each of the group members.**
- **To capture their impressions about the main sales channels.**
- **To understand the organizations’ situation in relation to the main purchasing criteria of each of these channels.**

The meeting was also an opportunity to present the project in more detail, to **deepen the diagnosis** made earlier, and to begin to build a necessary trusting relationship with the group, so that they would feel at ease in exposing challenges, previous experiences, and even relative fears relating to the expansion to new channels.

Among the **dreams** mentioned by the participants were the desire to continue working as a group, the desire to bring young people closer to their activities, and to have less dependence on intermediaries (so-called "atravessadores", or middlemen).

Who are the ‘atravessadores’ and what is their role in the chain?

The ‘atravessadores’ are intermediary agents along the chain who are responsible for activities involving transport and negotiation of products with buyers. On one hand, they make producers’ lives easier by taking on all the burden of commercialization. On the other hand, experience from the field reveals that these agents often split their gains in an unfair or non-transparent way. This relationship, which should be a partnership, ends up becoming a relationship of dependence and instability, weakening the financial health of farms.
Regarding **channels**, both the most commonly observed commercial practices and the interest and capacity of the organization to supply them were evaluated. The channels which came up most frequently were (in alphabetical order):

- Agribusiness
- CEASA/CEAGESP
- Public procurement (PAA, PNAE, and PPAIS)
- Street markets
- Large retail chains
- Small local commerce
- Restaurants
- Direct sale to consumers
- Sale to intermediaries/’atravessadores’

Generally speaking, the participating organizations give preference, where possible, to channels which are closer to the final consumer, as this type of sale has a higher profit margin. It is a challenge, however, to structure and scale this market, which does not absorb all production. Another positive point for them is sales to public procurement notices (PAA, PNAE, and PPAIS), since prices and payment terms are advantageous in relation to other channels and are contractually predetermined, with a low possibility of non-compliance. However, farmers have a limited sales quota for that channel, which is often below total production.

**Intermediaries and ’atravessadores’** end up buying a significant percentage of production and then selling it on to various clients, such as, for example, permission holders of the CEAGESP. This actors have no formal link with producer organizations and are not very transparent in their commercial practices.

It is important to emphasize, however, that intermediaries play an important **logistical** role, as many organizations do not have their own means of storage, packaging, and delivery. In addition, they often purchase large volumes without rigid purchase criteria, reducing losses for farmers who, were it not for this channel, wouldn’t even harvest some of the produce.

For supermarkets, a channel responsible for bringing the largest part of FLV production to the final consumer, sales are rarely direct, which means products from small producers only reach their shelves after going through a little-tracked supply chain of several intermediaries, with poorly distributed **margins**.

This stage of the project showed that often organizations have preconceived or distorted views of the reality of some channels. This is usually due to experiences of unsuccessful commercialization. After the first training workshop, the team identified areas in the field which could serve to **bring these realities closer together**. With this in mind, the next meeting focused on the rapprochement between farmers and the reality of the main aforementioned channels.
Integration Meeting 1

This meeting was conceived with three objectives:

- Provide qualified information on the performance of trading channels.
- Expand the debate on relevant aspects in the commercial relationship between family farmers and different trade channels.
- Encourage exchanges and sharing of experiences among those involved.

In order to meet the first objective, representatives of various channels were invited to participate: the St. Marche Group (retail), Be-nafrutti (wholesale), Irmãos Gallo (wholesale operating in CEAGESP), the Research, Quality, and Development Centre (CEAGESP), Instituto Chão (small solidarity based trade), and academics (specialists in public procurement).

The statements made by the guests sought to clear up doubts related to FLV purchasing standards (quality, product diversity, frequency of delivery, etc.), as well as common trade practices for each channel: supplier relations policy, terms and form of payment.

The conversations showed the importance of producers knowing the attributes demanded and valued by each channel and profile of consumers served by them. Furthermore, it was stressed that producers should be aware of the criteria that define the standards for each product and be able to evaluate and classify their production accordingly.

The broad debate of the subject reinforced the understanding that there is a market, different niches, and spaces for the different standards of products and production profiles.

For the chain to advance as a whole in relation to the integration of sustainability and coordination between the links, investment in bringing the ends closer together - including the cooperatives and associations - is necessary, establishing a frank and qualified dialogue.
Workshop 2: the prioritization matrix of the desired channels

At the Integration Meeting, organizations could have contact with the reality of each of the sales channels, giving their choices a better grounding. After the meeting, the agenda for the second workshop was set, in order to:

- Help organizations prioritize their plans and desires.
- Choose a trading channel as a focus of actions to be worked on in the project.

Behind each evaluated criterion or aspect required by the trading channels there are activities that must be addressed by the organizations and resources which need to be available: payment deadlines after delivery; need for own logistics or third party hiring; demand for minimally processed foods; product standards and quality; minimum volume guarantee and consistent delivery. Failure to meet buyer requirements or disconnect between these requirements and the business model of the organizations lowers the chances of a harmonious business relationship.

The prioritizing exercise was based on a matrix set up by each organization to evaluate its conditions and the necessary effort - considering the structure, preparation, and desire of the producers - to meet supply requirements for three different channels to which they had an interest in selling.

For each criterion of the channel, the organization evaluated its service potential as a traffic light: red (very difficult), yellow (possible, but requiring effort), and green (already attainable). There is an example below of a matrix filled out by one of the participating cooperatives:

By shedding light on the activities and resources needed to support commercial relationships, the matrix allowed the group to visualize the effort required and their willingness to perform to help choose which channel they would like to sell to.

Experiences from this stage, as well as its collective nature, contributed to the mobilization of producers and to the perception that access to the new market also requires joint planning and cooperation.
During the second meeting between all the project cooperatives and associations, the group had the opportunity to deepen its understanding and use the Canvas, presenting what they had built to other organizations and improving on the first version by incorporating feedback from colleagues. Many organizations had activities in their plans which had already been carried out by others present who could give their testimonies and advice. This is what makes this moment of exchange so important: the final result was more solid planning adjusted to the experiences lived by other organizations, and therefore standing a greater chance of success in doing business. With this matured material, and after a series of reflections, the groups were ready to take the final step of the formative stage of the project’s first phase: building their action plans.

The main lessons learned from this process were:
• To verify the differentials valued by the chosen trading channel;
• To know and understand the needs of the market;
• To promote a culture of production planning in an integrated way among the cooperatives involved.

The Canvas allows for the organization of an integrated picture of the business. It is also useful for helping organizations register internal management issues and market relations efforts. It can make tangible efforts to be undertaken, linking external and internal activities.
Building **action plans** with the organizations was one of the most vibrant stages of the first phase of the project, as groups were already engaged with the proposal and could, finally, start visualizing more concrete ways forward for their designs. The methodology was based on what had been built on the **Canvas**, with key activities being transformed in actions and distributed throughout a 12-month schedule, which is the period of execution of the plan which the project team will monitor. This schedule (below) was in turn divided into three stages, with milestones established at the end of each stage.

Details of first stage preparation activities, comprising the first three months of the action plan were also finalized during this workshop. We jointly defined the scope of these activities and established responsibilities for their accomplishment (both the group and the Bota na Mesa team), resources and partnerships required, and a deadline for completion.

### Workshop 3: building action plans

<table>
<thead>
<tr>
<th>Frame 1</th>
<th>Frame 2</th>
<th>Frame 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PREPARATION</strong></td>
<td><strong>INTERNAL ORGANIZATION</strong></td>
<td><strong>NEGOTIATION</strong></td>
</tr>
<tr>
<td>Actions directed at the organization of communication materials, and conducting market research to better know the chosen channel.</td>
<td>Necessary actions related to organization management and resulting from the pilot, which may be a cost spreadsheet, creation of a product classification process, etc.</td>
<td>Actions focused on carrying out the sale (such as contracting, logistics, distribution of orders).</td>
</tr>
<tr>
<td><strong>SALES PILOT</strong></td>
<td><strong>COMMERCIAL PROSPECTING</strong></td>
<td><strong>SELF-ASSESSMENT</strong></td>
</tr>
<tr>
<td>Sales pilot: initial contact with a representative of the chosen channel without expectation of making a sale.</td>
<td>Commercial prospecting: contacting a representative of the chosen channel (which may be the same as the pilot) with the expectation of consolidating a sale.</td>
<td>Self-assessment: group perception on lessons learned and necessary adjustments.</td>
</tr>
</tbody>
</table>
With a great deal of dedication from the groups over the last year, along with the expectation of plenty of work ahead, the first training phase of the project came to a close.

The challenges and lessons learned are varied, but the groups have found a more concrete way forward via an action plan for the development and broader commercialization of their products.

The **2nd phase** will mainly focus on monitoring the implementation of the action plans in coordination with other actors in the chain to carry out sales and negotiation pilots. This phase will also, jointly with producer organizations, seek to exercise internal perspectives, to improve structuring and increase sales. We understand this to be a contribution towards fresh quality products reaching the consumer’s table while increasing the farmer’s income.
The retail sector is an important link in the trade of fruit, legumes, and vegetables in Brazil, increasingly taking the space of traditional markets and fairs, which were the main sales channels of this type of product up until the 90s. Initially, supermarkets incorporated a fruit and vegetable section among their aisles with the intention of attracting customers to other products. Today, because of how practical they are in relation to other channels within the dynamics of large cities, this section now accounts for nearly 10% of store sales, and in some cases can reach up to 30%.

In recent years, however, with the concentration of supermarkets in increasingly large chains, the purchase of fruits, legumes, and vegetables through retail has become a new challenge for this sector, especially due to their perishable nature: the larger the scale of the buyer’s business, the more complex the access, storage, and transport of these products becomes. In addition, to help guarantee the freshness of the produce, an aspect which is valued by consumers, direct purchase from the producer may become a differential as it avoids the degradation it may be subjected to if there are a lot of intermediaries in the process.

Taking into account that family farming accounts for the production of close to 70% of food consumed in Brazil, and that these farms are small scale and have low management professionalism, their relationship with retail chains which are ever larger and more demanding in their practices with suppliers represents a challenge for both parties and a barrier to the inclusion of small producers in the chain. The result is, on the one hand, family farmers having difficulties shifting all of their production, and on the other, retail chains with difficulties finding fresh produce for their shelves.

There is a recent competitive factor for supermarkets which has started drawing attention: citizens who are aware of the origin of what they consume, public policy about purchasing food from producers for school meals and other programs, consumer groups self-organizing for direct purchase, applications which help this end and business models which propose solutions for producers and final consumers of FLV. Although on a small scale, this movement indicates that there is still some way to go for supermarkets in their relationship with suppliers, especially family farmers, whose shared benefit is the creation of fairer, more equitable, and sustainable value chains.

From our reading of this situation, Bota na Mesa included in the design and development of the project a work front focused specifically on the retail sector, in the belief that any systemic change in the chain must involve such an important actor.

As such, the St. Marche Group, a network with eighteen supermarket stores in the city of São Paulo, joined the project as a partner, prepared to share the challenges in its relationship with family farmers, its practices and experiences, and seeking to improve them.

The decision to work with a medium sized company came from the perception that large retail chains had already well-established processes, with less flexibility for change in the short term. As such, despite the more restricted scale, a partnership with a medium sized retailer created better chances for positive achievements which could then serve as a model to later influence sectoral best practices and amplify the desired impact on the chain.

The work dynamic with the Group started from conversations between their purchasing team and Bota na Mesa, which introduced the first stage of the process: a diagnosis of the Group.

In this diagnosis, the following aspects were evaluated:

- Overview of the purchasing process: from the search for suppliers to the first purchase, what are all the steps? What are the areas involved? Is registration and approval necessary?

- FLV purchasing process: what are the specificities of this type of product? What is its share in relation to total purchases made by the company? What are the main supply channels?

- Relationship with suppliers: how are prices negotiated? Is a discount applied? What are the payment terms? Is there a specific relationship policy for small suppliers? Are suppliers audited?

- Socio-environmental aspects: do you consider criteria such as labour practices, waste management, human rights, greenhouse gas emissions, among others? Is there traceability of the chain? In the case of FLV, are local and / or seasonal and / or organic products valued?
The questions above form a questionnaire which was submitted not only to the St. Marche Group but also two other major retail chains in Brazil, and helped to chart a retail-supplier relationship with a focus on FLV.

The information obtained helped form an agenda of two full-day workshops which were carried out with the purchasing team of the Group and other areas involved in the process, such as marketing and logistics.

In the first of the workshops, the Bota na Mesa team presented content and trends related to sustainability and supplier management, as well as good retail practices in Brazil and worldwide. Importance was given to the views raised by cooperatives and associations participating in the Bota na Mesa in relation to retail, in other words, the producers’ point of view of what it was like to relate to retail. Following this, the representatives of St. Marche were invited to reflect, taking into account the scenario presented and their own reality, on ways of integrating small suppliers into the chain and the possibility of making their management of suppliers more sustainable.

Several opportunities for action were raised which were then detailed and given success milestones during the second workshop. These opportunities were then classified according to priority and potential to create impact on the chain.

As a next step, it was established that workshop participants would take the opportunities raised to the decision-making board to move on to implementation.

The main lesson learned from this project’s work front was the perception that, despite there being challenges in the inclusion of small suppliers in the chains of large companies, there are also several opportunities - which involve promoting dialogue, the adaptation of practices to the reality of small producers, raising consumer awareness, etc. - which can benefit both sides.
Paths Unfolding
Just over a month after training began between GVces and the participating cooperatives and associations, in February 2016, Bota na Mesa invited around 40 specialists to a workshop. The group was formed of representatives of civil society organizations and government, family agriculture activists, wholesalers and retailers, entrepreneurs of the solidarity-based food economy, among others. The day’s mission was to present the work proposal of Bota na Mesa and listen to the contributions of a network which has been built over a long period of time. It was also the opportunity to establish guidelines and possibilities for the inclusion of family farming in the food chain of large urban centers, guiding the new cycle that was starting.

It wasn’t long before the knots appeared. The talks and conversations of that afternoon were an important milestone for the GVces team. They illustrated the complexity of the challenges and the need for a space for articulation, qualified debate and transparency.

It became evident that there were divergent positions on the role of family agriculture in supplying large centers. Would the solution be standardization, monoculture, and longer production and distribution chains? Or would it be small-scale agroecology, seeking direct sales to the final consumer? While the first option may be controversial regarding sustainability criteria, we wonder if the second option, while more desirable from the socio-environmental point of view, would be able to supply a large metropolis.

Paths seem to lead towards the coexistence of these two models, with varied forms of intermediary action. However, in order to find a way forward where the role of the small farmer is valued, the bringing together of different realities, ‘putting oneself in the shoes of the other’, and the promotion of dialogue taking into account the specifics of each territory, are practices which are not only necessary but urgent.

“How is coexistence possible between the demands of the market and the quality of life of the producer?”—one of the speakers asked the group at one point in the workshop.

In fact, defining what the “quality of life of the producer” is is an essentially particular task. As previously mentioned, this definition also rubs up against the diversity of existing views. Would that be the integration of the producer into large production chains, with technology enabling large-scale production? Or would production be focused on local consumption, using traditional cultivation techniques?
It is worth highlighting that family farming is often inserted in a context of high social vulnerability, with low levels of schooling and technical training. In addition, the groups they train face challenges relating to low engagement of members, and the attractive option among the younger members of pursuing other career paths. These factors make the valorization of family farming as a source of income, environmental preservation, and its importance in guaranteeing food security and sovereignty yet more difficult.

Which market indicators will measure the value and impact of those qualities remains to be seen. These issues are external to agriculture, but have a direct impact on the way the derived products are inserted in the market.

A greater harmony between this reality and consumer and market logic, which is still very much based on the relation price-volume-quality, is certainly part of the way forward. The advance of technology, capacity-building projects, public policy for rural development, and consumer awareness are important points for transforming small-scale agriculture.

We perceived from the field work and direct contact with producers the nuances of this context. The roads travelled on workshop days never had the same return journeys. We would leave São Paulo with materials, objectives, and plans for collectively building a path to commercialization. We would return refreshed and provoked to reflect and act.

On one occasion, Dona Sebastiana, an experienced farmer from the East of São Paulo, proudly showed her garden to the group. She and her husband have dedicated themselves to organic farming for years in a community garden in an area on loan from an electric power distributor. They produce cabbages, lettuce, basil, rocket, citronella...

We know that those efforts are not always recognised along the tortuous routes of distribution and trade up to the consumer’s table. We have also learnt that what Dona Sebastiana and many other farmers want does not always find an immediate or easy correspondence in the market. It is through dialogue, awareness, and mobilization that this reality can be understood, and bit by bit, transformed.

The first phase of the project came to a close with nine action plans built collectively, so that each of the participating organizations can access a new market of interest. Next year, these plans will be put into practice, with the support of the Bota na Mesa team, seeking to open fairer markets and increase farmer’s incomes.

These are achievements which must happen locally, but which when attained, will open new ways for effective transformation in the food chain and urban and rural territories, allowing the ‘Donas Sebastianas’ to continue doing their work as they wish, and be valued for delivering healthy food, daily, to the consumer’s table.
Finally, we would like to give special thanks to all the farmers who opened the doors of their homes and made themselves available to participate in Bota na Mesa.