



## THE RISKS AND CONSEQUENCES OF "EXCESS PROTECTION" FOR SMALLHOLDERS

*"Poverty is limited by zero income, Prosperity by none."*

Some social and business systems work improperly because those who lead them care about themselves more than they care about the outcome of their actions.

Surprisingly, systems may fail to achieve their goals because of the opposite reason, too much care. In such cases, the incumbents genuinely desire to achieve their mission, causing an imbalanced approach and, consequently, a system failure.

The second option reflects on the activity and results of many good people, government workers, international organizations, and other contributors aiming to help small-hold farmers shift from poverty to ever-lasting prosperity.

Five hundred fifty million small-hold farmers, who are still poor, send a message that we failed to bring the desired outcome. This is even after decades of continuous efforts and invested \$ billions.

## FRUSTRATION

Years ago, when I began working with small-hold farmers, it was frustrating to see the poor outcome, though I gave them the best, state-of-the-art technology and know-how for free!

This reflects not only my experience but the perspective of many other good people working with small-hold farmers and thinking;

*“We provide our farmers with the best technologies and experts, which we finance, in addition to micro-funds!*

*During the program, we see improvement in yields and income, but as the program ends, the agrotech companies and experts leave, and the farmers plunge back to nearly the starting point.*

*It seems as if farmers and companies agreed that not collaborating is their best option; farmers remain in poverty and agrotech outside developing economies.*

*We could understand if they had agreed to succeed, but to agree to fail doesn't make sense.”*

I can sympathize with the frustration of those people who devote themselves entirely to the job but, year after year, fail to see the improvement and results expected.

A Kenyan expert from the extension services once wrote me, *“I devoted all my life to helping farmers. Now that I am retired, I am ashamed to admit that everything is as it was the day I began working. I helped no one; I have wasted my time.”*

Can you imagine how painful and sad it is for that person! His frustration must be too hard to bear.

Did you notice that nowhere it was the lack of technology or funds that were to blame for the poor success?

As I discovered the hard way, it is insufficient to want to do good if you don't know how.

Even with Biofeed's fully funded top tier technology that enables farmers to reduce yield loss by 99.9% without sprays, and fully funded, I failed, and small-hold farmers remained in poverty.

Even when supported with funded technology, good intentions are insufficient to transfer the smallholders from poverty to prosperity if you don't have and don't implement a proper dedicated methodology.

It took me years to realize that the “missing method or link” is "dedicated business models."

## THE MISSION, THE GOAL, AND THE CONFLICTS

Now and then, I talk about small-hold farmers with a person working for an organization (e.g., the World Bank), NGO, or government official about their challenges.

Those discussions are similar since the mission and goals are identical. Yet, if you listen carefully, you can hear, beyond the frustration, the source of their problem. Understanding the problem is 90% way to salvation.

Here is a stenograph of a typical meeting with an official having the goal of helping small hold farmers.

**Official:** *We are not a business entity. We aim to improve farmers' livelihoods and enable them to support themselves without relying on us or any company.*

**Me:** *How do you aim to do it?*

**Official:** *We bring agrotech companies and experts to help farmers increase their income. We ask them to transfer their knowledge so the farmers can continue and improve in their absence.*

**Me:** *How is it going so far?*

**Official:** *Not as we hoped. In fact, farmers are entirely **dependent on us**. This is a problem since we cannot support all farmers all the time.*

**Me:** *How do you intend to solve it?*

**Official:** *We want agrotech companies to take our place and work with the farmers.*

**Me:** *And that is it?*

**Official:** *Well, there is one more thing. We support this program with government/donors/public funds, so it wouldn't look good if agrotech companies would **profit** from working with those farmers.*

**Me:** *Do you expect business-oriented companies to enter a program with no horizon for profit?*

**Official:** *Yes, we expect the agrotech companies not to profit AND to transfer their know-how to the farmers.*

**Me:** *Please explain.*

**Official:** *As I said before, our goal is to help farmers be self-support and not rely on any organization or company. To this end, the knowledge must be transferred to the farmers.*

**Me:** *Any other fears or requirements?*

**Official:** *Yes. We fear that after the fund and the project end, the agrotech companies will have no incentive to stay and continue working with the farmers. The result may be that farmers will go back to square one and remain with nothing.*

**Me:** *Why would the agrotech companies continue when the program ends?*

**Official:** *Without us, the farmers can't pay for their technologies and services. Hence it is not profitable for them, and they leave.*

If you have ever worked in a developing economy, this type of conversation is not strange to you. Now let's take a moment to reflect and examine this conversation and its underlying messages.

**The Goal:** To enable farmers to be independent of external factors such as NGOs or agrotech companies.

Question - Do you view this goal as achievable, and more importantly, is it desired?

**The Means:** With sufficient funds, we will attract agrotech companies to help those farmers, providing technologies, know-how, and education. All this while we expect those agrotech companies not to profit.

The critical assumption is; that the companies' profit is at the farmer's expense, i.e., it is a zero-sum game.

Question - Are you sure it is a zero-sum game?

**The Method:** Provide a budget to support agrotech companies and experts to help farmers improve their yield and business results.

We assume that when the program ends, farmers can sustain themselves and provide their families with better livelihoods. The agrotech companies are **not** expected to continue working with the farmers without the program funds.

Question - Are those assumptions correct and constructive?

**The Infield Results:** After decades, farmers remain poor, financial support is limited, and agrotech companies see a high risk in doing business with smallholders and, with the absence of finance from a third party, keep away.

**Summary:** Current models for supporting and empowering small-hold farmers have failed us. The AGRA program, which invested (wasted?) about \$60B in 15 years with no apparent significant result, is living proof that the current approach is incorrect; we must stop applying it and replace it with more appropriate ones.

Questions:

Are the above state of mind and set of assumptions new to you?

Do you agree with the above description?

Did you notice the conflicting expectations from the agrotech companies, i.e., “not to profit,” “transfer technology and know-how,” and “keep working with the farmers when the program ends”?

I appreciate it if you share your thoughts with me.

## CURRENT ASSUMPTIONS

Governments, NGOs, and global organizations (e.g., The World Bank), which are active in developing economies, base their activities on several assumptions.

See if your organization or others you know share some of those -

1. Smallholders need help to get out of poverty.
2. There is a dire need for agrotech companies to promote agriculture.
3. Foreign agrotech companies are reluctant to work with smallholders without financial support. Even then, it is mainly the big multinational companies that can take **the risk** and cover their initial costs.
4. Financial support to agrotech companies and farmers is always limited in time and budget.
5. Often, "support programs," e.g., AGRA, expect the agrotech companies "not to show a profit," for the public or philanthropists finance it.
6. Agrotech companies stick around until the program runs out of money, then they stop their activity, and everything goes back to how it was before the program.
7. Even when agrotech companies practiced “technology/know-how transfer," farmers' livelihoods didn't improve by much (if at all).

## A COFFEE MEETING

A couple of years ago, I had coffee with a World Bank employee. Trying to lure me into one of their programs, this person shared the stories of many projects running and financed by the World Bank in Africa.

When he finally finished (they have many), I asked him, “*What is the percentage of those programs that keep running 3, 5 years after the financial support ended?*”

He turned white (really white!) before spelling the number with words and fingers. Do you want to guess the number?

The World Bank fails, and everyone knows AGRA’s multi \$ billion program has a low success rate and [poor results](#).

It is time to rethink our assumptions and take a different path. After all, can it get any worse?

## RETHINKING THE ASSUMPTIONS

We know from practice that **current** "support programs" for small-hold farmers are far less effective than we would like them to be and often fall short of the goals set.

In the next paragraph, I ask questions in the hope they raise doubts in your mind and maybe make you rethink some “old assumptions.”

- \* What will serve the cause of fighting farmers’ poverty better; agrotech companies that work with farmers and do not profit, or profit handsomely?
- \* Is technology/know-how transfer (in practice) effective without the agrotech company around?
- \* Can smallholders effectively receive the "know-how transfer" and translate it into increased income?
- \* What will serve the cause of fighting farmers’ poverty better; farmers-agrotech companies’ short or long-term relationship?
- \* Can companies profit from working with smallholders, even without continuous support from a third party?
- \* Is it realistic to expect the "support program" outcome to help smallholders increase income by over 10% annually for a minimum of ten years?

*“It’s all right to tell a man to lift himself by his own bootstraps, but it is cruel jest to say to a bootless man that he ought to lift himself by his own bootstraps.”* Martin Luther King Jr.

# THE NEW RULES

SDG #1 is to eradicate poverty, that is, to improve smallholders' livelihoods. As for today, we fail to achieve it.

The basis for moving forward and improving the livelihood of smallholders lies in understanding how the three fundamental components (i.e., Smallholders, Companies/Private sector, and investors for-profit and non-profit) required for improvement operate separately and combined.

To do this, we must ensure that agrotech companies and value chain partner view smallholders as “**an attractive long-term investment.**”

It is imperative that we are clear on this; unless agrotech companies view small-hold farmers as an attractive investment and a source of high profit, they wouldn't get involved with them, and poverty will remain and prevail.

Please note that no one can force agrotech companies to work with smallholders. My 40 years of experience in the agrotech and agro sector taught me that "knowledge transfer" to farmers is worthless if companies don't stick around.

The only way to “keep” companies working with smallholders is if the business is attractive and promising high profit.

A desired good business model will ensure companies' excellent income while farmers continuously increase their income.

Hence, program organizers should ensure their program considers the following:

- (1) **Business model** – profitable and sustainable for the farmers and the agrotech companies during and after the program (support) ends.
- (2) **Small-hold farmers** – their income after the program is better than before, with a horizon for a minimum annual income increase of 10%.
- (3) **Agrotech companies and value chain partners** – can profit during and after the funded phase of the program. Remember, the more they profit, the better chance they will stick around and keep working with the farmers when the program ends.

The bottom line, smallholders' states will improve **only** if and when the business model enables companies and their investors to **profit** handsomely.

Organizations that want to improve smallholders' livelihoods should measure and examine the suggested business model before approving support.

Suppose the suggested business model shows that without third-party financial support (not including the project establishment period), the project is not profitable and not sustainable. In that case, the project validity should be reconsidered.

However, if the suggested business model presents high profitability to companies, with increased income to farmers, it is a good sign that farmer-company long-term partnerships can be maintained. **This is the Holy Grail; this is what we want!**

## ADVERTISE SUCCESS

If I were the manager of a program that aims to support small-hold farmers, I would advertise the high income/profit of agrotech companies in the program.

This is how I would attract more companies and investors to invest in the sector. And you know what? If profits are high, companies will initiate businesses without programs' support.

Then I would advertise how much smallholders increased their income. This is how I would attract more small-hold farmers to join such programs or enter similar business relations, with or without financial support.

Can you see agrotech companies, investors, and farmers that will refuse an annual profit increase of 10% or more!?

If we want smallholders to have a better livelihood, we must ensure a business model that enables technology companies and value chain partners to make **high profits**.

Business is not a zero-sum game; when agrotech and investors will profit more, so will smallholders. The current state is the worst outcome; change it.

### LEARN

The [IBMA conference](#) is an excellent place to learn about business models, share experiences, and take the first step toward a better future for all.

Poverty is limited by zero income; Prosperity is endless.

### JUMP

Dream Valley is a working business model based on over 70 years of the successful Israeli agriculture model. Dream Valley's field-proven track shows how small-hold farmers can increase income by tens of percent in one year.

Contact me if you want to join as an investor or business partner or to initiate a program/project in your country.



# TAKEAWAYS

- **CURRENT SUPPORT** programs to small-hold farmers fall short of the expected outcome.
- **IMPROVING FARMERS'** livelihood results from increased agrotech companies working with them.
- **BUSINESS COMPANIES** will work with smallholders **only** if profitable. Make sure this is the case before financing them.
- **MARKET** the business success of the companies and farmers.

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*\*\*\* Mental and Economic Freedom Are Interconnected \*\*\**

See you soon,

Nimrod



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**P.S.**

If you missed it, here is a link to last week's blog, "[If Not Technology, What Is The Solution To Small-Hold Farmers' Poverty And Hunger?](#)"

Link to [recent columns](#).

**P.P.S.**

[Start-Up Nation Central welcomes delegation of UN ambassadors for Israeli innovation](#)  
(The Jerusalem Post)

**P.P.P.S.**

[The IBMA](#) conference provides the stage to share your experience with agriculture business models and learn from others.

**P.P.P.P.S.**

[Dream Valley](#) is a field-proven disruptive business model based on the successful Israeli model. Contact me if you view yourself as a potential investor, business partner, or client. [Email](#), +972-542523425 (WhatsApp/Text)

**P.P.P.P.P.S.**

Please look at the video series "[The Agricultural Gap](#)." I explain the historical roots of the agricultural gap between African and Western countries with short videos.

I see this video series as "uncompleted," as I am waiting to gain more confidence before completing the chapters with The Solution, as I perceive it.

If you like it, remember to **share** it with those who need to see it and **Subscribe**.

***Change Begins With A Decision  
That The Existing Reality Is A Choice  
And Not A Decree of Fate***