

SECONDARY BENEFITS PROGRAMS

The Issue

Farmers, growers and workers at the base of global supply chains face different challenges:



Lack of access to technology & skills

Low yields and productivity

Limited access to finance



High volatility of market price

Climate vulnerability



Poor access to basic services, like healthcare, water & sanitation, and education

What are Secondary Benefits Programs?

Secondary Benefits Programs (SBPs) are a tool for businesses to increase performance and quality by offering incentives beyond monetary compensation to low-income counterparts in the supply chain, such as growers, farm workers and factory employees.



Just like an airline frequent flyer program that awards miles and advantages to incentivize customer loyalty, SBPs are multi-tiered programs designed to reward supply chain partners via non-price perks and upgrades that improve quality of life.

How do SBPs work?

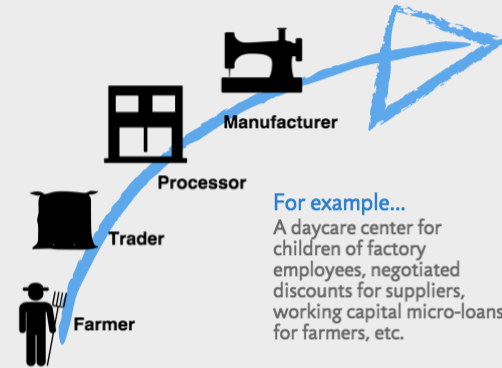
SBPs are co-developed with the beneficiaries themselves: commitments, tiers and benefits are designed to cater to critical social needs, while helping to address specific supply chain bottlenecks, such as farmer side-selling, employee absenteeism, low adoption of production best practices, or high reject rates due to poor quality.

Beneficiaries start out with a set of basic benefits, and can unlock additional ones as they grow with the business and move through the tiers of the program (see example below).

Beyond CSR

SBPs allow businesses to achieve greater social impact in their supply chain than through one-off CSR projects, while seeing the return of these investments in their bottom line.

SBPs can be implemented throughout the Value Chain



Commitments



Farmers comply with co-developed commitments:

Example Framework

Min. 80% participation in supplier trainings and meetings

Exclusivity of sales agreement

Buyer quality requirements

Labor and employment law

Organic farming standards

Tiered Benefits

Example SBP Scheme



50%

Advance purchase



Technical assistance



Basic organic premium



%

Discounts on inputs



Micro health insurance



Additional organic premium



Low-interest loans & social funds



Lease-to-own machinery



Additional organic premium

WIN-WIN



Farmer



Buyer

Value to Business



Secure higher volumes & quality raw materials



Decrease supply chain risk



Increase technical skills, knowledge and productivity



Incentivize investments and technology transfers



Reduce side-selling and improve supplier retention and loyalty



Boost employee and supplier health and well-being



Enhance supplier cashflow and working capital



Access value chain partners, investors, and social impact networks and markets

