

Factors determining a successful socio-economic introduction of horticulture in foreign countries



Academic Consultancy Training report

December 2010

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Summary

A lot of capital is attracted in the initiation of Dutch horticulture businesses abroad. There is however a lack of knowledge about what is known about the critical factors determining success or failure of a horticultural initiative in a foreign country. The goal of this project is to achieve socio-economic sustainability of the greenhouse horticulture in foreign countries. Therefore a model is presented which contains all the necessary factors that an entrepreneur should keep in mind to achieve socio-economic sustainability.

In order to get an overview of all the important factors literature was studied and interviews were conducted. This led to a detailed description of all the issues that should be considered when setting-up businesses abroad. Those factors are represented in a 'dial' model pointing out what issues an entrepreneur should consider.

The model is subdivided in three topics: market, production and trade & logistics. Important factors related to the market are whether there is a market and how to influence the whole production chain. Important factors for the production are the physical place and the employees. A very important factor of the trading is the legalization and the bureaucracy of the country you are producing in.

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1. Introduction

Since the development of greenhouse horticulture in the beginning of the 20th century in developed countries, enormous improvements have been made on the technical and cultivation levels. Due to rising costs, limited space and expensive labour, many Dutch growers have decided to set up a foreign establishment, called semigration, or emigration.

Different areas of the world have been the target of either semigration or emigration. Around 1950 Brazil was a popular country for entrepreneurs in the horticultural sector to set-up their businesses. From the 90's on, East Africa became the main area where Dutch greenhouse horticultural initiatives were taken (Nijhoff 2010). In the year 2009, there were already 106 foreign growers active in Ethiopia of which about 30 were Dutch growers (www.sprout.nl). These companies are responsible for an export value of over 150 million U.S. dollar. Besides East Africa, South East Asia (Malaysia, Indonesia, Vietnam) and Latin America are also areas where initiatives are taken by either Dutch growers or Wageningen University and Research (WUR) (Van der Lans et al. 2009 unpublished).

The placing of large greenhouses has a big impact on the area, community, and even the country as a whole (Danse 2007; Nijhoff 2010 www.sprout.nl). When a company is established, this will generate and create employment of sometimes over 5.000 jobs in one company, which directly affects and improves the livelihoods of the local communities. Furthermore, all kind of initiatives are taken by the companies to improve the level of development within the community. This is done by building schools and hospitals or empowering spare time activities like sports (www.afriflora.nl).

Greenhouses are long term investments because of the amount of capital that is involved. Due to the abundant introductions abroad and the large impact it has on the society, the introduction of a greenhouse horticultural company should be sustainable. There are different types of sustainability distinguished, but in this project the focus lies on social and economic sustainability of the initiatives taken by the Dutch horticultural sector (both business community and research). So the company should operate sustainable on both the social and economic levels. On top of that the development of the community and the businesses related to the initiative should be done in a sustainable way. The initiators should make sure that their initiatives will have a positive long term impact on both social and economic levels, to prevent the sector or cluster from collapsing when the entrepreneur ceases his activities. By considering socio-economic sustainability, it will improve and increase the endurance of the project. Furthermore, the longer the initiatives last, the more the communities could develop towards socio-economic sustainable business clusters.

At the moment there is a knowledge gap about which critical factors need to be considered when initiatives are taken by the Dutch horticultural sector to set up a socio-economic sustainable business in a foreign country. A model is needed which gives a better understanding on which aspects should be considered and/or avoided by entrepreneurs to enhance more successful initiatives and increasing the level of sustainability. Furthermore, this model could be used in

the future to be integrated to general guidelines (also including technical aspects) and is characterized by its general applicability, to establish a greenhouse anywhere in the world.

The main stakeholders concerning initiatives of the Dutch horticultural sector abroad are Dutch companies, Dutch universities/consultancy agencies, the Dutch and local government, suppliers, employees and the traders/auction. All the different stakeholders interact with each other, this happens for example when the produced products in the greenhouses are exported to the European market. So there are interactions between the company and the trader or the auction. The most important interactions between the different stakeholders are shown in Figure 1. An extensive stakeholder analysis can be found in Appendix I.

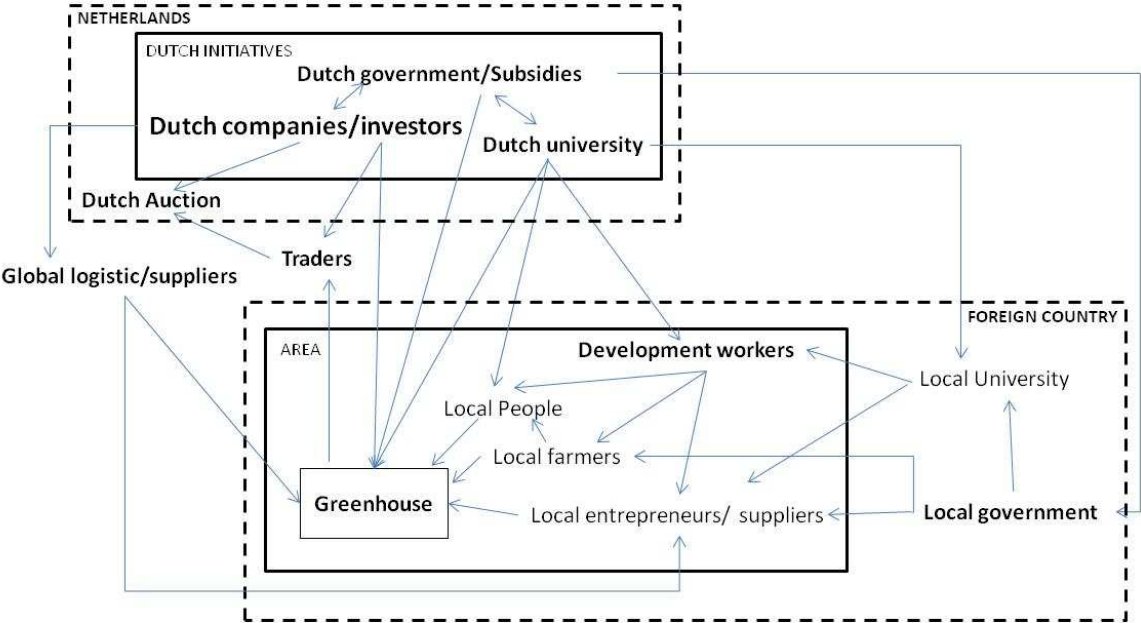


Figure 1. Relationship between all the different stakeholders (in bold) and the main actors in greenhouse clusters

It is necessary to take all the different stakeholders in account by studying the important factors for setting up a socio-economic sustainable horticultural business because otherwise the overview of factors may not be complete. There is a gap of knowledge on those essential factors, and the purpose of this project is to create an overview of factors that have to be considered when initiating a successful greenhouse horticulture business in a foreign country. Therefore all factors should be identified and studied, to make an overview of the important factors which will be given in a model in the form of a 'dial' (van der Plas and Verhaegh 1986).

In the next chapter an overview of the used methodology will be provided. In chapter 3 the model containing all the factors will be presented. Chapter 4 till 7 will discuss all the different factors found. The last chapter contains the conclusions and recommendations for further research.

2. Methodology

In order to provide an overview of the necessary conditions for Dutch initiatives in greenhouse horticulture abroad, several steps were taken. First of all, an inventory of the international horticulture greenhouse sector and of the important stakeholders in the field was made. This was done by reading literature, reading information on websites, and using personal knowledge on this topic. The main purpose was to get insight in the different stakeholders and their (international) relations. Based on this, the stakeholders were selected that could provide the most interesting information about critical factors. Within an important stakeholder, interesting companies or organizations were chosen for an interview. Within this process it was important to keep in mind the diversity of the interviewees disciplines and the diversity of countries. Judgment sampling and critical case sampling were used to do so. This means that interviewees were chosen with specific experiences and with specific expertise (Marshall 1996).

Interviews and literature were chosen as means to get a complete overview of the important factors. The empirical information obtained by the interviews was the main source of information about the factors. Additionally, literature was used to complement the information. The selected companies or organizations were contacted for interviews and from the network of the interviewees more interesting contacts were gained and selected. An interview blueprint and interview guide (shown in Appendix II) was used as a guideline for the different interviews. During the interviews, the Dutch initiatives were salient. The reason for this is that the information gained will be used by Dutch entrepreneurs. Consequently, in the interviews the viewpoint on the Dutch initiatives was most important. The main aim was to find out what factors define the success of a business in a specific country and what factors define the failures. The interviews were thoroughly prepared and evaluated to get the most valuable information. Based on the outcome of the interviews and the additional literature research critical factors were determined. These factors led to the model which gives the overview of critical factors that should be considered when setting up a greenhouse in a foreign country.

In total 16 personal interviews were conducted and 2 interviews by telephone. The complete list of interviewees and their background can be found in Appendix III. Summaries of all conducted interviews can be found in Appendix IV. In the rest of the report interviewees are referred as personal communication, but the summaries of all interviews can be found in the Appendix. Due to time restrictions, not all interesting companies and organizations could be interviewed. Examples of interviewees are scientists, ministries, growers, breeders, suppliers, the auction, traders, certification companies, and seed companies.

3.Model

This chapter presents the integration of all the critical factors into a model showing the main considerations for getting a successful and sustainable greenhouse horticulture company abroad. This model (Figure 1) is based on a 'dial model' describing the effectiveness of production and marketing that a product manager has to check, designed by Jan Buurma (van der Plas and Verhaegh 1986, chapter 11). The original model only focuses on the factors for social-technical success, and since this report aims for socio-economic sustainability, the model is changed and adjusted to include the social perspective. Also, the entrepreneur is central in this model instead of the production manager. The factors that are summarized in this 'dial' model are grouped in three main topics namely; consumption, production, and trade and logistics. The model is presented in a dial shape because this illustrates that all considerations should be a continuous process. This means that the entrepreneur should continuously think about all the factors in the model in order to be able to change the business approach to changing circumstances.

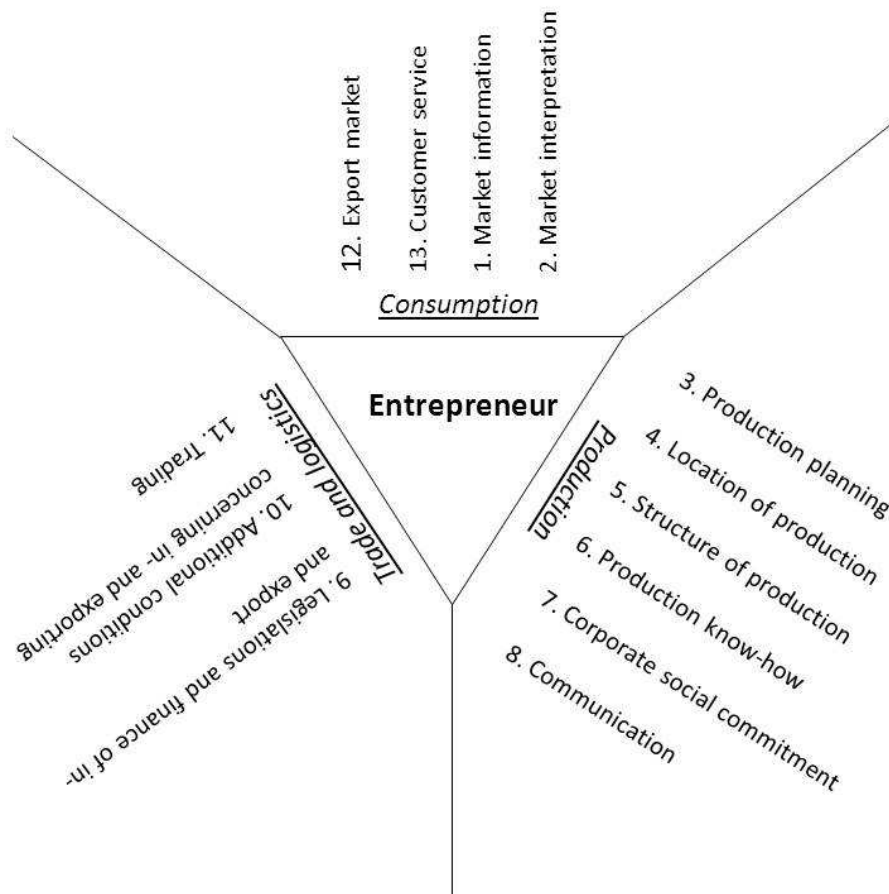


Figure 2. Dial model of the important factors determining socio-economic sustainability. All factors are extensively described in the corresponding chapters: 'Consumption'; chapter 3, 'Production'; chapter 4 and 'Trade and Logistics'; chapter 5.

How to use this model?

The entrepreneur is central in the model. This means that the entrepreneur is responsible for the efficiency of the consumption, production and trade and logistics. Management is the process of decision making (van der Plas and Verhaeg 1986), thus the entrepreneur should make a lot of decisions when starting a greenhouse abroad. The model is a guideline of factors and questions that need to be answered and decision that need to be made when the entrepreneur wants to start a business abroad

The process should be started at points 1 and 2 in which the market is studied, to investigate what the business possibilities are, how to penetrate into the market, and what products should be produced. All this information is translated into the production phase, the entrepreneur has to decide where to produce and in what way he wants to do this. The production part is the part where there is interaction with local people and thus the social perspective should be stressed, this is why corporate social commitment is included. From points 9 to 13 it is stressed how to organize the trade, transport, and marketing of the products. Every step will be explained with detail in the following chapters.

The model works as an on-going process. When there is a change at a certain level, the entire cycle should be adjusted. This means that the model is not comprehensive; once in a while every step should be checked on information, interpretation, optimization, realization, and registration. On basis of the information the entrepreneur receives, the planning should be adjusted. Afterwards he has to register the effects on his planning which will give information for further adjustments (van der Plas and Verhaegh 1986).

4. Factors concerning consumption (PART 1)

This chapter stresses the importance of consumption in the starting phase of your business strategy. The consumption strategy starts with analysing market information. In this step you develop a strategy on how to penetrate into the market; e.g. market prices are analysed, and finance is arranged. After this step the market information is interpreted. This means that you check the competition, and make a forecast on the planning of your business. The final steps of the considered factors for consumption are described in chapter 7.

4.1 Market information

The first step that has to be taken is to thoroughly conduct research on the product and on the aimed market (local or export). This market research is the responsibility of the entrepreneur and is of fundamental need to set-up a solid business plan to obtain the finances needed for the project. These finances could be obtained through banks, but also subsidies could be acquired (Van der Linden, personal communication). To obtain subsidies for the project a good business proposal is needed, in which the market and the opportunities for a profitable business are described. On top of this, the innovativeness of the project, whether the aimed market is an emerging market and starting joint ventures with local partners, are also factors that weigh in granting subsidies and therefore should be considered (EVD, personal communication).

The business plan should not be by copy and paste of for example previous plans, but the prevailing factors should be considered since a success in one country or area does not guarantee the same success in another country or area (van der Linden, personal communication). Also, the consideration for a niche market should be done (Zuurbier, personal communication). Furthermore, it is of importance for the entrepreneur to conduct research on the produced goods, to get in-depth information on this product and whether the demand for this product is increasing or declining, the value chain approach could be considered (Ammerlaan, personal communication).

It is necessary to investigate the prices for these products and to investigate how they fluctuate during the year and in previous years. These fluctuations of prices should be linked to the fluctuation pattern of the supply of these products in order to get a good constructive overview on how to anticipate and react to these changes.

It is very important to hold close ties with the importers and other partners in the market such as the auction, to be fully prepared and benefit from information streams. Next to this, you should consider maintaining a permanent settlement in the importing country or to co-operate with reliable importers (Buurma, 1986)

The entrepreneur also needs to think about his assortment, and whether he wants a broad scale of products or concentrate on one certain product (Buurma, 1986) This is also linked to the quality of the products and certifications that are needed to assess the quality (Wolbert, personal communication).

The entrepreneur needs to have a clear vision and strategy on why he wants to set-up a business abroad and how this should be done. For some entrepreneurs the Netherlands is not suitable anymore for expanding their activities, because of high production costs, labour costs, ground prices, and legal restrictions. The entrepreneur needs to investigate these criteria and elaborate

on this, which is also part of the business plan. The entrepreneur needs to decide on management issues, such as supply chain management; does he want to participate in the A to Z process; is it suitable and needed for his activities; and thus should it be considered (Ammerlaan, personal communication).

Ammerlaan also stressed that the two main points that need a focus are: the hierarchical structure of the company, and the knowledge of the market. Furthermore, he mentions his own company as an example of a successful company due to the fact that the organization is flat. This point was also mentioned by Peter Barnhoorn; by staying in direct contact with the manager and your employees this strategy can be achieved throughout the whole organization. Within this strategy, it is essential that the entrepreneur is continuously present on the production locations, and is very committed and constantly needs to monitor the process.

In order to be successful it is essential that you respect your labourers, suppliers, and the (local) governments. Understanding the local culture and try to adapt to it is a way to do so. Furthermore, it is recommended to start small and build up the company. In addition, not depending on banks but using your own finances was mentioned several times as an important strategy (Barnhoorn, personal communication, Ammerlaan, personal communication).

There is a need for entrepreneurial skills. According to Botden and Van der Linden (personal communication) these skills cannot be taught, especially not on a short term. Botden's experience is that in most cases 90% of the companies have foreign management, and the companies which are managed by locals seem to fail. Van der Linden, also agrees with this and adds that it is very important to continuously visit your company. Ammerlaan adds to this, that it is crucial that employees are given responsibilities and possibilities to grow in the hierarchy of the company. Eventually, by doing this, he thinks entrepreneurial skills could be trained but only in the long run.

4.2 Market interpretation

The information obtained about the market needs to be assessed, to obtain the sales prospects for the coming periods and how to react to this (Buurma, 1986). A close look should be taken to new and emerging markets in order to expand the activities. Ammerlaan (personal communication) stressed that once the company is running well, expanding should be considered to other areas with higher altitudes to increase the quality of the roses or the assortment. This way he reacts to the market in which the demand for higher quality roses is increasing (Ruud van Lieshout, personal communication) Furthermore, Van der Linden (personal communication) explained that one of the reasons a Dutch management should be considered is the entrepreneurial skills that are needed to run a business and to grow. It is important to look at the competition and how markets evolve, to increase your turnover. It was said that a lot of companies hold a status quo, in which there is no progress and the competition benefits and catches up. It is therefore essential to stay in close contact with your importers and the auction (Buurma, 1986).

Furthermore, it is very important to use this information for the forecast planning and to adjust the production when necessary (Van der Linden, personal communication). The entrepreneur should in addition make an inventory on the logistical choices, for example on how to transport inputs and outputs. This was also stressed by Ammerlaan (personal communication) who has an

office in Aalsmeer, but imports his roses from Ethiopia to Liege in Belgium. Here he uses trucks to get the roses in Aalsmeer. With this approach the costs are lower than importing flowers directly to Schiphol, although Schiphol is much closer to Aalsmeer.

5. Factors concerning production

This chapter stresses the next step in the management process. In the previous chapter what, when, at what price, and how much products should be sold was analysed. The aim of this chapter is to transfer all this information to production. Questions such as: “how to produce?” and “how to organize your company to respond to the market demand?” will be answered. This is the part of the project in which most of the decisions are taken such as: “how to transfer market demand to production” (Production planning), “where will the product be produced” (Location of production), “how is the entrepreneur going to structure the production and the company” (Structure production), “does the entrepreneur know how to produce”, “how is he going to transfer this knowledge to the people involved in production”, (Production know-how) “what is the effect of the greenhouse on the local community”, “how is their relation with the local people”, (Corporate social Commitment) and finally, “how does the entrepreneur communicates with all the stakeholders involved in the production” (Communication). The way these questions are answered will define whether the greenhouse project is socio-economic sustainable or not. Every step will be described, with special focus on what options are more likely to end in a success and a sustainable story.

5.1 Production planning

The first factor to consider in production is the planning of the production, it should be understood in two ways, the amount of product and the way of translate that information to the growers.

A grower should think in advance about the amount of production needed to be economic sound on the long term (Barnhoorn, personal communication). It is observed that many growers abroad stay too small to become a sound and viable business, and the market, especially the international market, is trading only with big amounts. In the case of small growers, make groups, cooperatives might be a solution for that (Juliana Botero, Personal communication). Also appointments about the amounts produced should be met (Van der Wekken, personal communication; van Kooten; personal communication). Fluctuating amounts are unwanted by traders.

The other important issue is how to transfer this information to growers. This is a big challenge specially thinking that you have to transfer this information to people with little trading experience and with a lack of knowledge on trading. This point is especially important in the case of working with out-growers. For that the contract that you sign with them should be really clear in the agreement on how much they will produce and the moment it will be delivered (van der Plas and Verhaeg 1986; Ton and van der Mheen 2009) This might be a problem in developing countries where they don't have a really strong discipline. To avoid this problem, to train them in marketing might be a nice solution.

5.2 Location of production

When choosing the place for the greenhouse there are some physical, structural and sociological aspects of the country and conditions for business that should be considered. These factors should be considered to choose the place that bring more possibilities to success and try to make the decision apart from political interest of the governments. They might propose a place that bring more political rents for them but that is not optimal for production, and can end in a

failure story. Examples of that are in Ethiopia that wanted to build greenhouses in a poor and isolated area, in which the available water resources contain high values of salts, but finally no greenhouses were built there because it is a really isolated area, and it was no way of transport the products (Rutta Firdissa, personal communication). Also the Malaysian government didn't want to build greenhouses in some areas to prevent deforestation.

5.2.1 Physical place

This aspect is described in the model (van der Plas and Verhaegh 1986) as the ecological conditions in which the Greenhouse will settle, the physical place. When choosing the physical place, the most important aspects that should be considered according to EVD are: climate, water and land.

5.2.3 Climate

According to Anne Elings (personal communication), one of the problems that Dutch greenhouse companies have, especially greenhouse build companies, is that they are used to build in a different climate, and because of a lack of knowledge or to reduce the costs, the greenhouse is not designed to adapt to local climate. This aspect is more about technical sustainability of the greenhouse, because the production will probably be lower than it should be, thus making it more difficult for the greenhouse to be productive on a long term scale. However, a bad climate design will lead to a bad working environment. The employers won't be too happy to work in a place which is too hot, and might chose to leave and find a job somewhere else.

5.2.4 Water

Water is one of the most important inputs that a greenhouse has as it is the basis for the production, especially in high water demanding sectors as flowers or vegetables and it is almost the only material input that can't be imported. The greenhouse needs enough quantity of water with the appropriate quality. However, water should be considered not only as an economic good (an input) but also as a social good (von Benda-Beckmann 2006). Water is an essential good to sustain life for local communities.

In equatorial countries, where most of the new investments are carried out, the water is usually not a problem. However in dry countries the water is a scarce and vulnerable good and it might be a source of conflicts between local communities and greenhouse. In both climates a problem may occur when you contaminate the fresh water resources with pesticides or fertilizers, causing health problems for the community. One way to solve the conflicts with the local communities is to let them be involved and participate with the benefits of the project, for instance if you built a well for your greenhouse you can always make a pipe to give fresh water to the local communities in the neighbourhood, something proposed by EVD. With this you avoid problems in the future with local people and you create goodwill.

Other ideas mentioned by the EVD is that water should be considered especially when clustering. If you decide to build your company in big clusters you should analyse the available water resources for the cluster and your company and how fresh water is affected when it is contaminated.

5.2.5 Land

Land is the third physical item that is needed and that can cause problems and affect the local people. To avoid conflicts about land after the greenhouse is built, the following should be considered:

- The ownership of the land before building the greenhouse. This aspect depends on property rights which differs in every country and on the ownership of the land if it is private or public. One example of this was made by Rutta Firdissa for the case of Ethiopia. There, the owner of the land is the state, and the farmers are using it to cultivate crops. So when a foreign entrepreneur goes to the country they ask for land and the government will give it to them, giving some compensation to local farmers. However, it is necessary to understand what land represents for the local farmer, for some of them is more than a production field. This could be a source of conflict, because farmers are losing their land. Compensating by offering money is not always the solution because a lot of times they don't know how to invest this money. Another possibility is to offer them a job in the greenhouse, so they get involved and will be more committed, as if it is their own land which they use (Jouke Campen, personal communication). You should also be careful about the location of the greenhouse, because you may cut trees that are sacred for the local people.
- The alternative uses it can have, or the sectors or people that might be interested in using it as well. This is one of the other sources of conflict, it is mentioned for instance in Malaysia, the area where they want to build new greenhouses, there is an interest to use those areas for palm oil production (Elings and Hemming 2008). It is also important, as Rutta Firdissa, pointed out, to give other uses to the land if you eventually are not making use out of all the assigned land. There are some examples in Ethiopia in which companies ask for more land than they were able to use. This leads to an unfair situation in which farmers lose their land and don't get a job in return. One possible solution is to give back some land to farmers or allow the greenhouse workers to use it (Rutta Firdissa, personal communication). With this the company will create good will.

Apart from these socio-administrative aspects of land to avoid conflicts, it is necessary also to think about the price. The price will determine why some greenhouses are built in some areas and not in others. For instance India, which is a big flower producer, but the land is quite expensive there, so international flower growers don't find India really interesting country to invest (Botden, personal communication).

5.3 Structure and sociology of the country

5.3.1 Government

In most countries you want to do business in, you have to deal with the government. The government influences your business quite a lot since they want to know what you are doing. Therefore, it is good to take some factors about this topic in consideration.

5.3.2 Stability

The stability in a country is important, most companies do not want to invest in a country where they have a big risk to lose their money because of, for example, the treat of a war. Ammerlaan and Cor Zuurbier both mentioned this, this as a critical factor to consider when looking for a new location. The grower must feel comfortable and confident on the long-term with his investment (Ammerlaan, personal communication; van Lieshout, personal communication; Botden, personal communication). Remarkable is that the EVD does not consider this as a negative influence on investments. As long as the idea is innovative and the social terms of the EVD are included in the proposal, the plan will be in the running for a subsidy (Ridder, personal communication).

However, the different growers and experts all mention that if you maintain good relationships with the local people and the local government, they will feel committed to you and your company. Then they will arrange protection for you and your company if the situation becomes unstable. This can be the case during election in Africa (Zuurbier, personal communication).

A stable currency in the production country is next to this something to consider. Nowadays with the financial crisis, it is essential to know when you have to change currencies in international business. This is especially important when your company is expanding in turnover. Therefore, it is very essential to stay informed on this topic (Moerman, personal communication).

5.3.3 Bureaucracy

Bureaucracy is a factor companies have to deal with in some way. For Sher it was one of the main problems when they started their company in Ethiopia. Some governments want to have control over everything, especially with regard to import goods (Barnhoorn, personal communication; Van der Linden, personal communication). Furthermore, the government works quite slowly in most African countries.

5.3.4 Corruption

Corruption is one of the biggest problems for companies abroad (Van Kooten, personal communication; Barnhoorn personal communication) and is almost unavoidable (Zonneveld, personal communication; Campen, personal communication). As a company you have to find a way to deal with it. Cor Zuurbier mentioned that the best way to deal with it is become good friends with the local mayor and local government. They can help you with a lot of things and influence a lot of people. Additionally, you have to networking with the different organizations, keep in contact with them and also force your power in a union for companies. Their policy is becoming more and more focused on avoiding corruption.

5.3.5 Law

In some countries a lot of things are regulated by law. For example laws on labour rights, secondary utilities, environmental issues, import and export agreements, laws about plant diseases etc. Though in some countries it is the other way around, and not much law is present. In some cases this could be beneficial but on the other hand it could lead to discussion (Van der Maarel, personal communication). However, in most cases rules about environment and labour rights were already indirectly implemented in some certificates. For example in Colombia, the certificate conditions are stricter than the law. But, because of the negative reputation of the country, these certificates are almost necessary to have (Porrás, personal communication). Most laws are based on what the market, the company, or different organizations demands and what is already implemented in practice (Zuurbier, personal communication; Wolbert, personal communication). Problems could arise when a lot of official procedures are needed because of all these laws (Barnhoorn, personal communication). E.g. in some countries it is obligatory to spend a certain amount per stem produced in the country of production. This is done to get hard currency into the country's financial system. In Ethiopia, the government requires that 10 cent per stem is spent in Ethiopia. However, no western countries want that much money on a bank account in Africa, there need to be some margin left to save on a European bank account (van Lieshout, personal communication).

5.3.6 Tax

Countries have different policies to be attractive for foreign companies to start a company there. Some countries offer for example a tax holiday for the first years of production. This could be very attractive for investors. Other countries offer tax reduction for the company (Botden, personal communication; Ammerlaan, personal communication).

5.3.7 Political system

It is important to invest in the political system in the country you invest in. You need people who have contacts in the local governments. If you know them you should cherish this by for example taking them for dinner every once in a while because you don't want them against you. They could tax you or get in the way. When you have these contacts they can help you to obtain business licenses or get business related things done more easily (van der Linden, personal communication). Another example was given by Ruud van Lieshout; in Ethiopia the transport sector is dominated by the government. The government decides on which airline is allowed to fly from Ethiopia and which companies are allowed to work on the airfield. Furthermore, almost all the infrastructure and utilities are owned by the government. Flora Holland thinks that this doesn't contribute to the quality of their services, because the employees of these utilities do not have the perspective to deliver quality (Something which is essential in transporting flowers). Therefore, Flora Holland is negotiating with the Ethiopian government to hand over these services to the private sector.

5.3.8 Local people

To understand (potential) partners in business, your employees and local people, knowledge about culture is very essential for the entrepreneur. Doing business and building relations in Asia or Israel needs a different attitude than doing business in Africa or in South America. In this, language is a very important factor, next to trust (see Appendix IV). Fenedex is an export association which can provide information about different cultures and how to do business with them. Furthermore, they have a worldwide network of people, which can help you with knowledge about different cultures, laws and agreements (Zonneveld, personal communication). Furthermore, it is essential to contact local people to see what kind of mentality they have and if they can feel responsible for things. In addition, is it possible to turn that mentality into a workers mentality (Botden, personal communication).

Ammerlaan (personal communication) stated that you have to teach employees our western standards of working because they did not have any previous experience on this. This could be on the level of responsibility for the work and the product. The first months they started their company in Ethiopia, they had to train their employees that they had to be there on time in the morning and that they could not stay away without asking. Also, keeping in mind different standard holidays would be useful for acceptance from your employees and local people (Firdissa, personal communication). Sometimes your employees or the local people do not allow you to work on these days, or you have to pay them more salary. In addition, in Islamic countries, building a meditation centre in which the employees can perform their daily prayers should be considered for commitment towards the company (Van der Linden, personal communication).

5.3.9 Social organization

In some cultures there is a strict division in jobs between the two genders. For example, in African countries about 80% of the employees in the horticulture are woman. Only for the heavy

work man are hired. Female feel more responsible for the company and for the product. Moreover, they have to care for the children. So, they feel more responsible for the family and can better save the money. This, in contrast to some men. They first spent some salary on luxury goods and what is left is for the family (Ammerlaan, Botden and Zuurbier personal communication). That's why female got more career chances. Olaf van Kooten mentioned a statement about this topic from Arend Jan Boekestein, member of the VVD in the Dutch House of Representatives. Mr Boekestein was concerned about this difference in career chances in Africa. He thought that there could be some moment, that men in Africa become jealous to the women because of that.

Something that needs to be avoided is the forming of groups/clans/majorities/minorities within your workforce. The company should focus on treating everybody equally or organize that all the employees are from one clan. For example problems occurred with regards to this in Africa where civilians still are member of a tribe. Therefore, be careful when choosing your employees (Ammerlaan, personal communication; Zuurbier, personal communication).

5.3.10 Basic knowledge

It is good to determine the level of basic knowledge of the people. Especially in countries where there is a shortage of well-trained people. It could determine how you have to deal with this and how fast people can learn (van Kooten, personal communication; Botden, personal communication; Campen, personal communication). Also, it could be an indication how creative and innovative people are (van Kooten, personal communication).

5.3.11 How easy people learn

How easy people learn is together with basic knowledge a very important factor in relation to capacity building (van Kooten, personal communication ; Botden, personal communication; Campen, personal communication). This differs between different cultures. For example, Asian people are famous from their ability to copy things. This could be very helpful with training people (van Kooten, personal communication). African people are known for needing more guidance (Zuurbier; personal communication; van der Linden, personal communication; Ridder, personal communication; Ammerlaan, personal communication). It is important to think about this in advance and adjust the company's strategy on this.

5.3.12 Education system

The level of basic knowledge depends on the level of education people get. Especially, knowledge in higher education which could be essential for your local production process. In addition, it could be beneficial when there is education on bachelor level concerning management. In most countries good managers are rare (van Kooten, personal communication; Botden, personal communication) Moreover, it would be comfortable if some kind of agricultural knowledge is taught on a bachelor level to improve the production process (van Kooten, personal communication).

5.3.13 Enough Labour

It is important to have enough labour force, in most non-western cultures labourers do not work in the same pace as in western countries. Therefore, more people are needed to get the job done. In most new clusters in for example Africa, there are enough people, but they don't have the right knowledge (Botden, personal communication; Campen, personal communication; Zuurbier, personal communication; Lieshout, personal communication).

Competition between companies for good labour is an issue. In the end it result in companies paying more. Good workers will earn more salary while the amount of good workers will not increase. Therefore, a better solution is to train your own people and bind them to the company by goodwill (Ammerlaan, personal communication). In Kenya this also occurred, in the beginning there were problems concerning the amount of labour. Because of good labour conditions and livelihood on the farms, there were hundreds of other people waiting for a job at the entrance. Therefore, managers thought that the labour was constantly replaceable. Resulted in that the employees did not build up any knowledge and didn't take the responsibility if there were mistakes. Which undermined the productivity of the workers and the quality of the product (Van Kooten, personal communication; Botden, personal communication; Zuurbier, personal communication).

5.3.14 Conditions for business

The status of the sector is a topic which has to be considered. Are you the first company or is there already a whole greenhouse sector established? It is quite obvious that starting a greenhouse in a new area could be quite difficult. But also starting a greenhouse in a well-developed cluster could give problems as mentioned in *clustering*. Good to consider is if there are any other sectors in which problems could occur. For example, local farmers as mentioned above or other sectors which want to use the land for other purposes (Botden, personal communication). Moreover, are there already different organizations established for the horticultural sector, exporters or labour unions which you have to deal with and communicate to? Furthermore, if there are different services available for your company or local suppliers you can deal with (Van Kooten, personal communication). Also, transport facilities and infrastructure nearby the area could be a key factor. This, because good and fast transport conditions are the key factors for delivering good quality to the export market (Van Lieshout, personal communication; Moerman, personal communication).

Important is the status of the input, what is available locally and what had to be imported. Are there plant accessions especially breed for your local environment (Van Kooten, personal communication). Suppliers nowadays become more and more globally orientated. Therefore, local suppliers are less important for sustainability. They focus more and more on different specific area's in the world, specialize in that area or even start a local establishment (van Kooten, Botden; van Lieshout; Ammerlaan, personal communication). In the beginning in Kenya, when there were no local suppliers, some growing companies started their own retailing companies, to sell imported goods to other companies. Nowadays in most African countries, companies try to buy and import their goods together in a cooperation. In order to import in larger amounts and lower the prices. Or they still import goods by themselves as long as they use enough bulk (Zuurbier; Ammerlaan; van Lieshout, personal communication).

5.4 Structure of production

The first decision that have to be made concerning the structure of production is how to arrange the production. There are four main options: build a new greenhouse, contact with local partners that will arrange the production (joint venture), buy an existing company or contact directly with out-growers (Botden, personal communication). The choice depends mainly on the kind of product you are planning to work in , it is not the same if you work with vegetables like

green beans or if you work with flowers. The main factor to decide this is the technical knowledge and equipment that is needed to grow properly. This decision will be really important when thinking in the education strategy (transferring know-how) and in the management structure. Other thing that should be considered is clustering.

5.4.1 Build a new greenhouse

This will be the case on productions that need high technology and intense and good management, for example flower production. Local people or local partners cannot afford themselves this techniques or do not have the proper knowledge to work with. Peter Barnhoorn as well as Cor Zuurbier and Maarten Moerman recommended to start small and then grow. He mentioned the importance of having a good growing plan so you don't get stuck in any of the steps. In this case it is important to grow at the same time that knowledge is increased.

When you produce yourself, you will have the advantage that you are the manager of the greenhouse, so you will control the production, the times, in order to have the production in time for traders. It is recommended a flat organization, and you should do a lot of site visits to monitor all the processes in the greenhouse. Something that the investor should be aware of is that unless you train local people in the management of the company, if you leave, the greenhouse will not be productive anymore. Another disadvantage is the lack of knowledge that you have on the society and how to deal with employees, that may cause a lot of problems and might be a cause for the greenhouse to fail.

5.4.2 Joint venture: Local partner.

Another strategy that is followed by a lot of companies is setting up joint ventures with a local partner. The big advantage of this option is that the local partner knows the country well, the social structure, the market and the language. This strategy is followed especially by suppliers like Koppert. The problem is the choice of the right partner company, and how to determine how reliable the partner is. The key factors to choose the right partner is to be patient, take as much time as you will need. Make site visits, talk by video-call, one of the thing that was mentioned by Koppert and other experts was that you should try to make the interviews as personal as possible, not just by phone, video-calling might be an option, but still place visits will be necessary. It is really important to build trust between you and your local partner. You should be also aware that the local partner might not know the rural area as good as he pretend, so be careful to be not too optimistic on the perspectives shown by the partner (Ton and van der Mheen 2009).

A really important part of working with a local partner is how to find it and how to arrange it. Sometimes there are the local investors, or people from the greenhouse sectors who are interested in making agreements with foreign companies. If you want to make your greenhouse socio-economical sustainable, you have to be aware of the production of knowledge of your partner. If your partner is just a local investor that just wants to make money, try to make profits as soon as possible and don't care too much for the long term. There are examples especially in the turn key concept, that Dutch companies build greenhouses in Korea and managed it for one year, but the investor thought that to have a foreign manager is too expensive so they look for a local one which is cheaper but not so committed and lacking experience and knowledge. Some of those greenhouses are now restaurants. One way of success mentioned by the greenhouse builders, van der Hoeve, is that you need a good grower and good management to make you greenhouse a long term success story.

5.4.3 Buy an existing company

Is the easiest way to start up a company abroad. Then, the building is already established on the right place with some land. You know where the pitfalls were from the foreign owner. Also, the foreign employees has got already some knowledge. (Botden, personal communication).

5.4.4 Out-growers

This is the third option, that is only possible when working with products that don't need really high technology, and high inversion, like for instance green beans. It is really important in this case to adapt the technology to the level of the country, (Elings and Hemming 2008) The contact with out-growers can be done directly by the Dutch company or indirectly with a local company as intermediary.

One advantage of this is that most of the times the farmers will be the owner of the land , people are more committed and make inversion when they are producing in their own land and not just working for other persons (Campen, personal communication). There is more participation of the local people in development thus there are more chances to make it sustainable in the long term. With this system there are in general better distribution of the income and there is a better link with the social structure (van der Plas and Verhaegh 1986).

When working with out-growers it is really important to have a really clear and structured contract. In that sense there are some **code of conduct** developed by different organizations, like HCDA (Horticultural Crops Development Authority) for Kenya, EVD in Netherlands or Florverde in Colombia. There are five points that should be considered to work with out-grower (Ton and van der Mheen 2009):

- Contract: the contract should make clear that both parts understand the conditions of the agreement and how to solve future problems
- Farmers: as in local partners, you should be sure that you contact the right farmers, those that will be able to follow the international standards
- Groups (farmer organization): in order to cope with international market, the production should be big enough, for that most of the companies will work with local groups of formers, sometimes placed by NGOs.
- Price, risks and quality: in this aspect training is necessary, especially in matter of quality, the risks of the market should be shared with the grower.
- Services: in services they refer to the services that you offer to farmers, is the base on why the farmers will trust you and want to stay with you, is about creating goodwill, training.

5.4.5 Clustering

Clustering the production is a strategy used in northern countries to minimize transport costs and to make easy to suppliers to sell their products, and for greenhouses to have easy access to supplies. However, it was mentioned by EDV experts and Cor Zuurbier, that is not so good idea especially in some areas in Africa. There are environmental and social reasons:

- The environmental things to consider were already mentioned: the problems for water supply and the contamination of the soil and water that might happen when the cluster is too big.
- The social aspects of clustering is probably the main problem of clustering in developing countries. It basically concern the labours and they tribes or minority origin. A greenhouse need a lot of labour (according to Cor Zuurbier and Juliana Botero you need 7 people/ha in Netherlands, 9-12 in Colombia, 15-16 in Kenya and 30 people/ha in Ethiopia). Most of the times you need more labour in your greenhouse than what is available in the area, that will means that it is needed to bring people from other areas to work in the greenhouses. But it might happen that people from different tribes will work in the same greenhouse, that might be a source of conflict. The same will happen with people from different minorities, like it happens in Colombia with black people and indigenous people or in Malaysia with Chinese minority. You should consider this when structuring your production. One option is to mix people and avoid conflictive managers, especially with workers with different ethnical background, try to make them cooperate, so they can see that they improve their lives cooperating (Ammerlaan, personal communication). There is an example of this in Colombia, by the NGO Vallenpaz (Botero, personal communication). They include the minorities conflicts in the education strategies. They organize train session in a way that teachers will be always from the other minority so they can see how everybody benefits when working together.

5.4.6 Management

A right management is a factor that may decide if a greenhouse business will succeed or not (Ammerlaan, personal communication). One of the things that have to be decided is if you decide for a local manager or for a foreign one. The most common is the second option. The choice for outsiders is on base of the lack of knowledge of the local people in management. The choice of locals have the advantage that know better the culture of the workers and is close to them so the communication will be better (Ammerlaan, personal communication). One option is, as it will be commented in the transfer of knowhow, at the beginning have a foreign manager but when the knowledge level of the local people will be good enough, transfer the management to local people. In countries with good universities and a decent education system, find local managers with enough education level shouldn't be a problem.

However, in both the management should be as flat as possible, with a good communication between workers and manager and the company itself, it is also recommended to build an atmosphere of equality in the company (Ammerlaan, personal communication).

5.5 Production know-how

As it have been mentioned already, the knowledge is one of the main factors that will determine the success or failure of the greenhouse. The way of organizing it will depends on the structure of the production that was mentioned before, and the education level and infrastructure of the country, mentioned in location of production.

5.5.1 Training

Training and education should be differentiated and should be carried out in different moments in the life of the greenhouse. The first step is to train the workers that will work in the greenhouse. How to do it will depend on the way of producing. If a Dutch company built the greenhouse themselves, training will be done in the greenhouse (Rutta Firdissa, personal communication). In case of working with out-growers, a common extension service should be developed, that will organize trains in capacity buildings and also will go to the out-growers to give them advice (Ton and van der Mheen 2009) This extension service with greenhouse visit can be also organize in the companies, sometimes the companies have central extension services in the origin country that will make some site visits (Koppert, personal communication). In both cases, but especially in the second one, teachers and trainers are needed. Especially in the beginning if the greenhouse is in a poor area with a low level in education, the trainer should be a person from abroad with knowledge in the technology that is used in other countries. According to Juliana Botero (personal communication) this is not necessary in Columbia because you have universities with enough level that can provide you with trainers. The next step will be the train of trainers, so in long term you don't need people from abroad to train workers on the company.

The training should be in:

- Growing techniques, like choice of seed, fertilization, way of growing to make more comfortable for workers to harvest (Elings and Hemming 2008).
- Greenhouse technology: Irrigation, ventilation, etc. this is especially important to be able to repair when something is broken. This service can be provided by the greenhouse builder, especially in the turnkey contract, however this is more difficult when the company is from abroad (van der Hoeve, personal communication).
- Pest control, this is something that can be done by the crop protection suppliers (Koppert, personal communication). It is important to train in the information given by labels, chemicals have a labelling code that might not be clear for everybody. One example on this was given by Rutta Firdissa, farmers thought that chemical with a red label kill insects better, instead of thinking that they are more harmful for workers.
- Quality of production, this is really important when exporting, because, especially in Europe, the markets have really high quality standards. In this case play a main role the certification companies (Ton and van der Mheen 2009)
- Economics and marketing, this is more advance knowledge that shouldn't be given when starting, but necessary if you want to give more responsibility to locals in your company. This is also important when trading with out-growers, that have a big lack in knowledge of the market and economic to be able to manage properly their greenhouse, that is way they initiatives fail quite often (Ton and van der Mheen 2009).

5.5.2 Commitment of workers in their education

An important thing for the commitment of workers in the greenhouse and in their education is to motivate them. With education you can make them promote in the company (Peter

Barnhoorn, personal communication) or to give them products to make their life cheaper, giving for instance tooth paste (Botden, personal communication). This process of promoting will end in the management of the greenhouse by local people. The commitment is really important to keep the workers in your greenhouse, because if they go to other greenhouse your company will invest money in training that will be lost and the knowledge will be lost because every greenhouse is different (Ammerlaan, personal communication; Van Kooten, personal communication; Ton and Van der Mheen 2009)

5.5.3 Capacity building

In the organization of the capacity building there might be a lot of actors involved. You can involve local government, local universities, sometimes organizations dedicated to the development of the horticulture sector in the country like HCDA in Kenya or EHPEA in Ethiopia (Rutta Firdissa, personal communication). Using NGO-development organizations could be really important, as they have close contact with local people, and a lot of times they have been present for long time in the country so they know quite well how to organize it (Ton and van der Mheen 2009). A lot of times the growing companies are also involved, an example of this is in Ethiopia, the companies select some agronomist from their workers and decide to train them, and cede some part of their greenhouse for training, the training is done with people from different companies (Rutta Firdissa, personal communication).

Other important point is sharing knowledge between companies (Ammerlaan, personal communication). In this sense the capacity building can be one platform for meeting and share knowledge. The growers associations are also a good platform for sharing knowledge (Ton and van der Mheen 2009).

5.5.4 Build a knowledge system

As already mentioned, the knowledge should be focus on training on the long term a whole knowledge system should be built. That will involve a basic education (that will commented after), secondary education, universities. This part will include start research in the country, as top of the knowledge system. It is necessary that it will be a good communication between researchers and growers, something that is not easy even in European countries (Elings and Hemming 2008).

5.6 Corporate Social Responsibility

Working with the Corporate Social Responsibility(CSR) standards provides already a good base for good commitment and communication with the local people (de Ridder, personal communication). These guidelines focus on making conscious choices to achieve a balance between social (People), environment (Planet) and economic (Profit). CSR must become established in all business processes, it is more or less a vision in entrepreneurship. This policy depends on company size. However, it is a process and not a destination. The goals pursued change over time and with any business decision (www.mvonederland.nl). A subsequent vision for entrepreneurs could be Corporate Community Involvement which means that sometimes the company does some voluntary contribution to the society. It creates commitment to the family of your employees and to the local people which can be very profitable for a company starting in a new area. From the company's commitment, local employees and people better see the added value of the company in their area. If goodwill is created, people want to help as well as to protect the company. Moreover, it can help smoothen the bureaucracy and decreases corruption because of good relationships with the local government (Zuurbier, personal communication).

Additionally, if customers see that you add something to the local people it creates goodwill to them. This is a tool to add some value to your product and create a niche market. (Botden; van Kooten; Campen; Zuurbier; van der Linden; Wolbert; Moerman; van Lieshout; Ammerlaan, personal communication). However, the level of goodwill depends on the size of the company, the structure of how the production is organized and the vision of the entrepreneur. Bigger companies have more responsibilities and could serve as an example for others (Moerman; Wolbert, personal communication). Moreover, how to create commitment from the people depends on the local circumstances and the needs. By creating better living standards for the people, direct improvements for the condition of the employees and future employees are created (Zuurbier, personal communication; Ammerlaan; Botden, personal communication). Different examples of initiatives from African countries were given.

5.6.1 Food security

To improve the health and capacities of the workers it is important to provide good and healthy meals every day. It is not very common to have that in Africa (Zuurbier; personal communication).

5.6.2 Healthcare

In Africa healthcare is not well arranged. Aids is a very big problem. Therefore, good health utilities are needed. Also, when children are sick, mothers have to care for their children and cannot work so if the company takes care of this it can, to a certain level, avoid sickness under personnel (Zuurbier, personal communication).

5.6.3 Hygiene

In order to improve the quality of life, an increase in hygiene is essential. This is to prevent the people from diseases. In addition, more hygiene of the people can improve the hygiene in the greenhouse and can prevent for plant diseases as well. Therefore, improving hygiene standards could be very beneficial (Campen, personal communication).

5.6.4 Housing and utilities

To improve the hygiene and the livelihood of the woman, pipelines for water were built. This in order to shorten the distance between the village and the river. This resulted that everybody could take their water in the village instead of carrying the water from the river every day to their houses (van Kooten; Botden; Zuurbier, personal communication). Furthermore, houses were built for the workers and electricity was installed to improve living standards (Zuurbier; Botden; van Kooten; personal communication).

5.6.5 Education

For improving the level of basic knowledge it is important to establish schools for education. Not only primary schools can be build but also secondary schools. Because in Africa about 80% of the employees are woman with children, school is a place for childcare when the woman are working. Therefore, a secondary school was essential because under the age of 18 the people in Kenya are not allowed to work. Otherwise the children had nothing to do for 5 years (Zuurbier, personal communication). Nevertheless, education is something essential for a long term viability of the cluster. Also improving the relations between companies and Universities could be very beneficial for the company in order to improve capacity building (Botden; Campen, personal communication).

5.6.6 Money saving and transfer

In the past, salary was always given cash at the end of the month. However, this led to robberies and employees who spent their money at once on drinks. Nowadays, in Kenya the employees get a bank account where their salary is transmitted to and in the area of the company there are cash machines. From there they can withdraw money (Botden, personal communication; Zuurbier, personal communication). Other companies sometimes saved the money for their employees or sent already 50% to the family by themselves (Botden, personal communication). Nowadays, in Kenya most people sent their money by an SMS service for cash transfer. Almost every village has got an office for that where they could send or withdraw money and nowadays everybody in Kenya got a mobile phone (Zuurbier, personal communication).

5.6.7 Recreation

Recreation is important to improve the capacity and to keep everything peaceful. If people have food and something to do, they have no reason to fight with each other (Botden personal communication; Zuurbier, personal communication). In Kenya this was a great problem with migrating tribes which overwhelmed the local area, there were some extra facilities needed to keep everybody occupied. Therefore, the companies started to create facilities for recreation. An example of this is the sponsoring of football clubs and sporting facilities. Also, Sher started a big cinema in Kenya so the people could watch TV and movies (www.afriflora.nl).

5.6.8 Involve local people in entrepreneurship

In order to develop a more sustainable cluster, local entrepreneurs must be stimulated to start their own businesses in order to provide supplies for the cluster and to build their own greenhouses. In order to improve this, there are different initiatives like for example the micro credits which finance small loans for local people who want to start a company. However, some people see negative results of this project because people are too poor and only buy food of the loan (Botden, personal communication; van Kooten, personal communication). Van Kooten mentioned a project of the African Agricultural Academy (members of the Wageningen Alumni Association) where they want to stimulate the mid class society of Africa to start their own business. They hope this will lead to more opportunities regarding employment and livelihood, also for more poor people (van Kooten, personal communication).

5.7 Communication

The last part of the production part of the management process is communication (van der Plas and Verhaegh 1986). We can understand this point as communication and networking. It is described mainly as communication of the producing system to trading system. For that you need to have communicating structures, like telephone or internet, but it is not only the infrastructure, it is also the structure and organization of the whole horticultural sector where the information flow easily. That means that if it is not capacity to receive more products in the airport or in the cold room, growers will know to keep the plant in the greenhouse (van der Plas and Verhaegh 1986).

However, in most of interviews, they were further, to success in the establishment of a greenhouse it should be done in base of communication, trust and networking. That means that between all the stakeholders involved in the production process, from grower to traders and investors the information should flow properly. The problem of investing abroad is that the stakeholders involved come from different cultural background and the flow of information is not that easy. Because of that, the entrepreneur should be patient, maybe the invest will take 3

years in be profitable (van der Maarel, personal communication) but it will be more likely to have a long term success.

6. Factors Trade & Logistics

The most important point a starting entrepreneur in the horticulture has to realize is the kind of market he is going to serve. Two types of markets are distinguished; the local market and the export market. The volumes of production and other requirements depend on the market a company is supplying for. In this chapter the necessary conditions are described in order to successfully set-up the business. The conditions for legislation and financial issues concerning the import and export are discussed. Then additional conditions such as the infrastructure and the possibilities to unite in associations are discussed. Finally the quality, certification and production of the goods are discussed.

6.1 Legislation and financial issues of import and export

Legislation plays a vital role, when it comes to horticultural products a grower has to consider the import and export permits from the local Plant Protection Services (Zonneveld, personal communication). This means that the plants need to be free of diseases and insects, especially when those pathogens are considered as a quarantine organism. This is to prevent that the countries' farmers are facing a new pathogen that is difficult to handle and is damaging their crops along with the plants. This was illustrated by Koppert; that they sometimes have to set up a joint venture, because they cannot sell their products (natural enemies) because of legal requirements with regards to phyto-sanitary rules (Maarel, personal communication).

For importing and exporting inputs and outputs taxes have to be paid, which need to be considered by the grower. In the East African countries the governments give a certain period of a duty free import or export, in order to attract new investments (Van der Lans et al. 2009 unpublished; Ammerlaan, personal communication). Tax legislation needs to be monitored at all times. An example was given by Mr Moerman (personal communication) about the British VAT legislation. A rise of 2.5% VAT will be introduced in the United Kingdom. This means that the consumer price will rise. To keep the prices on the same level for the consumers, the retailers will negotiate for a lower price from the growers and traders.

Importing or exporting of inputs and outputs is often combined with a lot of bureaucracy and inefficiency (Barnhoorn, personal communication; Botden, personal communication; Van der Lans et al. 2009, unpublished). A lot of administration has to be done before importing items, permits need to be acquired, or it takes weeks before the goods can be picked up from for example the airport.

It might occur that when the food security in a country is endangered the government can decide to close the borders in order to prevent export of fruits, vegetables and other edible produce (Campen, personal communication).

Financial issues of import and export also play a big role in horticultural production which is mostly internationally oriented. This means there has to be dealt with markets in different countries with their own currencies. Fluctuations in the currencies can cause uncertainties and will have large effects on the profit margins (Moerman, personal communication). Growers and traders plan their production 6 to 9 months ahead of the actual delivery. Changes in currencies

have a big impact on trade and can for example result in the production costs and the final price having a complete different value than was assessed on forehand (Moerman, personal communication).

Van der Lans et al. (2009, unpublished) mentioned also an example of banks in Ethiopia having problems with transferring money abroad.

6.2 Additional conditions for import and export

The available infrastructure is a necessary condition, before a grower wants to import or export the modes of transport are to be considered. This depends on the relation between the value of the product and the costs of a certain transport mode.

Next to the choice of the mode of transport, issues like temperature during the transport, packaging material and type of carts and containers need to be considered. In the case of flower production in East Africa, all the products are flown to the export market in Europe or the Middle East. This means that the product needs to be transported to an airport that is capable of handling horticultural products. Van der Lans et al. (2009, unpublished) gives examples of different situations at the airports of Ethiopia, Kenya and Uganda. Challenges that are indicated are related to the adequate freight handling at the airport, frequency of flights, choice of freighters, and the volumes available. Especially these issues were troublesome in the first couple of years growers were producing in Ethiopia (Ammerlaan, personal communication; Barnhoorn, personal communication).

Another additional condition is investigating the possibilities to unite in a growers' association. In order to make agreements with transport organizations or the airport it is useful to unite in a growers' association, which can lobby for good contracts with the freighters and facilities at the airports and or sea ports. With having a growers' association it is also possible to make appointments about the volumes that need to be supplied and at which time, in order to get an efficient logistical system. Being a member of a growers' organisation can mean that you implement the countries' code of conduct which is demanded in order to get an export license (Van der Lans et al. 2009 unpublished) In the case of Ethiopia, Sher advised the people at Bole Airport and Ethiopian Airlines about taking care of horticultural logistics (Ammerlaan, personal communication).

6.3 Trading

Trading for the export market happens either by the auction or via a trader. Most of the flowers sold by supermarkets are sold to traders and the products which go to the florists or flower shops are sold by the auction. The advantage of selling your products on the auction is that the payments for your products are guaranteed (Lieshout, personal communication).

6.4 Quality

The most important factor if you are exporting your flowers is that your production should have reliable quality (Botden, personal communication; Ammerlaan, personal communication). As long as the quality of your product is fluctuating too much or is consequently below the wanted level, there is no chance that your business will be successful. Especially for making appointments with traders it is very important that a grower can make promises about the quality of the sold product. It is reported that these two issues are hard to achieve for horticultural companies abroad (Barnhoorn, personal communication, Ammerlaan, personal

communication, Van de Wekken, personal communication). If the quality of the produce is even higher as the standard quality, higher prices could be achieved and even a niche market could be created (Porras, personal communication).

By making good appointments between traders, transporters and traders about the quality requirements, a certain vase life could be guaranteed. Intergreen was the first company who was able to control the whole production chain so well that they could provide vase life to their customers (English supermarkets) (Moerman, personal communication).

6.5 Production

Another important factor is that a grower should think in advance about the amount of production needed to be economically sound on the long term (Barnhoorn, personal communication). It is observed that many growers abroad stay too small and not becoming a sound and viable business.

Another aspect of production is that appointments about the amounts produced should be met (Van der Wekken, personal communication; van Kooten; personal communication). Fluctuating amounts are unwanted by traders.

6.6 Certification

Certification in horticulture was introduced in the early 90's by Milieu Project Sierteelt (MPS) (Wolbert, personal communication; site MPS). Different certifications are used in horticultural production and in the trading of horticultural products to give more transparency about the environmental effects, social quality and the product quality. MPS is one of the certifying organizations dictating their own certificates. Depending to who you are selling your products as an entrepreneur it might be necessary to produce your products according to a certain MPS certificate (Wolbert, personal communication; Moerman, personal communication). An example was given by Mr Moerman of Intergreen (personal communication) about trading flowers with English supermarkets. Due to negative publicity about poisoned flowers by spraying, supermarkets started to ask for certain standards. Therefore certification (Euro-GAP or MPS-GAP) of the growers was needed to give more transparency and prove that the flowers were produced according to the rules. So certain certifications are needed for a grower if you want to sell your product via a trading channel in which these are demanded.

Furthermore certification is sometimes obligatory, it gives you also a set of guidelines for improving your business. Also the larger companies that are certified serve as an example function for other growers. Being certified might also have a positive spin off on the company's image and therefore increase its sales.

7. Factors concerning consumption (PART 2)

This chapter stresses the importance of consumption in the final phase of your business strategy, in which the export marketing of the products and consumer services are central. These are the two last necessary steps that should be taken at the end of the model/checklist. Here you make an effort to present yourself to the consumer and do everything to be responsible for the entire process from grower to consumer. The consumption step is very important in order to get the most opportunities out of the market.

7.1 Export Marketing

In a lot of export plans the importance of marketing is underestimated. From the moment your product arrives in the importing country there are several things that can be done in order to make sure that your company has a higher change of being successful. The product has to be brought through the distribution channel to the consumer. This is a process wherein you present yourself to the consumer. These efforts range from advertising and sales promotion (Van der Plas and Verhaegh 1986). According to Moerman (personal communication) quality, care for the environment, and the ethical aspects of producing will be more and more important. These aspects can be brought to the consumer through certification, track and trace and vase life. With producing on a social responsible way you create goodwill among your consumers and consequently, this will give you a better reputation on the market. Though for the consumers there are too many certifications to really understand the difference between them and care about it (Moerman, personal communication). Therefore, the consumer often chooses products that are cheap. This is an opportunity to improve and consequently attract more customers. To achieve this you can give better and more information on the specific certifications in order for customers to understand the labels.

Another marketing tool is to focus more on consumers' needs and desires with regards to products. As a company you can create new brands to attract more consumers and fulfil their needs. Rijk Zwaan (personal communication) for example created a new lettuce brand called Salanova. This brand is responding on the demand of consumers for longer shelf life and more convenience. There are eight types of Salanova which distinguish their selves with the "one cut ready" principle. Rijk Zwaan (personal communication) distributes leaflets to their customers in order to promote this new brand. Through this, the customers is aware that the company is innovative and consequently this will create a good reputation. More of these examples are; Tasty Tom (Tomatoes) and Caribbean (Melons).

Next to this, is it important that the company also responds to holidays. This is an opportunity as well as a service that could be offered to customers. For example during Christmas, Mothers' day, and Valentine's day more flowers are sold (Zuurbier, personal communication). When reacting to this, it could lead to increase and expenditure of the business.

7.2 Customers' service

Besides marketing it is important to have a system wherein care is taken for consumers complaints. This is done in order to have control over the whole supply chain and to be responsible for the entire process from grower to consumer. This was also brought up by Rijk Zwaan (personal communication); they are committed in the whole process from the seeds to the cultivation systems and advising farmers, this is part of their after-sale services. Moerman (personal communication) also stresses the importance of a system to handle complaints. This enables you to see what went wrong and get an overview on points of improvement. As Moerman (personal communication) mentions, the most important points are consistency and quality for a good price, then consumers are loyal to you. Also Anne Elings (personal communication) finds this step important, especially with regards to communication and commitment to the consumer. Ammerlaan (personal communication) from AQ Roses handles complaints by a contact point in the Netherlands, also packing is done here.

Another example of customers service is Quality Boarding Systems (Moerman, personal communication). In this system you give a guarantee to the consumer that when the product does not live up to their standards, they get their money back and new flowers.

8. Conclusions and Recommendations

According to the interviews and the literature analyzed, it can be concluded that factors which determine whether a greenhouse initiative is a success and socio-economic sustainable or not are:

- **A good business plan:** A good plan and preparation of the new company is needed. This enables the entrepreneur to see if his or her plans are economically sound. If this is not the case the investments done will be lost and everything that was developed around the greenhouse cluster (schools hospital, restaurants) will collapse.
- **Get local people involved,** if the local people are **committed** to the greenhouse and therefore willing to be an employee, it is more likely to succeed in the long term. To achieve this, local people have to be aware of the benefits they can obtain from the greenhouse. However building extra facilities like schools, hospitals and football stadiums are things that are not mandatory. It is up to the entrepreneur whether to initiate these extra things or not. However it can be very beneficial to build schools and hospitals, because in that case the female employees can do their job, without the need to be worried about their children.
- **Patience,** when starting in a new country with a different culture, the company needs to adapt to local conditions, like laws, politics, customs. Also culture is an important factor that needs a lot of patience of the entrepreneur, because of the different holidays and religions, but also the interpretation of entrepreneurship. Entrepreneurs need to be aware that it might take some years before the business becomes profitable.
- **Knowledge** is essential in all steps of the process. The company may need to bring technical knowledge to the country, to the workers, in order to run the greenhouse properly. Greenhouse horticulture is highly knowledge oriented. It is not always possible to hire people for the higher management and technical positions in the company. Companies have to train the employees themselves and show the local educational system what kind of skills the employees need to have after graduation. The Dutch government and universities can play an important role here.
- **Communication,** between all the stakeholders involved in the process. It is essential to build **trust**. The entrepreneur needs to rely on all the stakeholders involved in the consumption, production and trade process in order to succeed.

The issues discussed during the interviews and found in literature are subdivided in three chapters: Market, Production and Trade & Logistics. For selling your products, there should be a market, either a local market or an export market. Producing in such a way that is socio-economic sustainable is mostly demanded from the market.

Especially issues related to the production appeared to be very important. Good management of and communication with the local employees is one a factor which should be organized very well. Another aspect within the production is the role of the government and governmental organizations which has in most developing countries a high level of bureaucracy. Furthermore it is good to realize the stability of the government and the legalizations in relation to importing

and exporting. For the stable sales of your products the quality should be good and reliable. Communication and more control on the production chain are the ways to achieve this quality standard.

Based on all the factors which were mentioned during the interviews and described in literature a model was constructed. The basics of this dial model is describing the effectiveness of the production and the marketing (Van der Plas and Verhaegh 1986). Adjustments were made to this model to create a model describing all important factors an entrepreneur should consider when starting up abroad.

Unfortunately, we were not able to conduct enough interviews to cover the whole horticulture sector. At least one company/organization of each important stakeholder was interviewed but more interviews are needed to confirm the factors revealed from previous interviews. At the moment of finishing this report, we have still a list with additional contacts we would like to interview (Appendix V), but the time is lacking to do so.

This list with additional contacts for interviews comprises also companies/organizations out of the floriculture. Since it was the aim of the project to elucidate all important factors for introducing a horticultural business abroad, we should cover the whole range of companies in this sector. The floricultural business is the largest business abroad in the horticulture sector, so most interviews are with companies or organizations related to the floriculture.

A recommendation can be made about the first and the second layer as they are mentioned in Van der Lans et al. (2009 unpublished). During some interviews it was said that in developing countries people lack the knowledge in greenhouse horticulture. This is concerning the people that are employed in the greenhouse, but also who want to start their own business. The knowledge gap is too big to set up their own greenhouse company or to set up a company that is part of the greenhouse horticultural cluster. So to close this gap, attention to the education, capacity building and the development of entrepreneurial skills should be increased.

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www.sprout.nl: <http://www.sprout.nl/1/6512/home/ethiopie-bloeit.html>

Appendixes

Appendix I Stakeholder Analysis

Stakeholders:

Dutch companies/investors

They are interested to start up a greenhouse company abroad to increase their scale of activities and to increase their profits. They could achieve this by benefiting from low ground prices and cheap labour. These companies also have more funding sources, thus more possibilities to invest. These investments should be done efficiently in order for it to be successful. Investors should be made aware of the importance of the socio-economic sustainability, by emphasizing on the influence it has on their investments. Therefore they need several factors and help of different parties in order for them to achieve that purpose. Moreover, they have the power to choose in which country they want to invest. Thus they choose the region that will be affected by the greenhouse, but also the suppliers and traders they will do business with. In conclusion, the Dutch companies should be considered as one of the most important stakeholders and the base of the system (Figure 1) together with the Dutch government.

Dutch government

The interest of the Dutch government to be involved in the set-up of a successful horticulture producing cluster and to help Dutch companies and investors to achieve their goals, is to gain profits. These profits are twofold: they could be international money transfers and possible payments of taxes, but also to create goodwill and to use aid money effectively and efficiently. The created goodwill could also be used as a promotional tool to sell products and to do business with a certain country. Furthermore, the government has the power to communicate more easily with the local governments, provide subsidies to the different parties and make it easier and/or cheaper to import the produced goods, or to invest in other countries by implementing (new) law(s). (Figure 1).

Local governments

Local governments are interested in international investors because they could improve the local livelihoods and increase incomes, employment and money transfers (importing Euro). They can contribute to the development of the country. Therefore the local government wants the companies to invest in the labors, and that they provide for good primary and secondary working conditions. They are also interested in a sustainable cluster to guarantee its continuity, so that the cluster won't fall apart when for example a Dutch investor is leaving. The local government can play a big role and has a lot of power. They can make laws for the working conditions, taxes, and rules to protect the environment. Overall, they can supervise and control whether for example laws and rules are being implemented. Furthermore, the government arranges primary facilities such as water, electricity, energy and infrastructure such as roads, airports and harbors but also for knowledge and for security. They also take care of the operation and maintenance of these facilities. Finally, the local governments can also provide for

subsidies in order to stimulate companies or development projects. Thus, they can play an important role in creating the necessary conditions for successful investments.

Global suppliers

Global suppliers are interested in new developments in horticulture in order to sell more of their products and gain more money. Also they could be interested in order to keep their sale stable and sustainable. Therefore global suppliers have the power to take this new development as an opportunity to export their products to the foreign country or to start their own local company. Also, they have the power to define and or modify their prices and quality of the product they sell. In order to start their own local company it could be important to gain knowledge about the local market. Therefore working together with a local partner, with different organizations and with governments and universities could be a good strategy.

Dutch university/ consultancy

The Dutch university and consultancies can provide knowledge for different parties in order to overcome problems or to improve the chance of a success story. Their interest is to get projects for their employees, generate knowledge and providing this knowledge. Therefore, their power is knowledge or their ability of creating knowledge in order to solve specific problems. Their strategy can be to network between different organizations and see where they can help. Moreover, they have contact with local partners in order to obtain knowledge. Furthermore, Dutch universities can support local schools and or universities so that they better can provide knowledge for the local problems and give better education.

Developmental workers

Development organizations are sometimes well informed about the specific local situation in the area. They have knowledge about the local livelihood and what the local standards are. Furthermore, they are interested in developing a sustainable country and creating a better situation for the citizens. A better health situation for the local people can help to keep good employees within your company. These organizations their power is their contacts, their distribution lines and their local information.

The auction/ Traders

The auction is the place where the flowers were traded. The traders are thus the main actors in it. Both are interested in increasing the sales volume, increasing the margin as high as possible, reducing the costs. They have the power to influence what products become traded and what is not. Therefore, they are really important to make the business succeed.

Appendix II Interview Blueprint & Interview Guide

Interview blueprint

This interview blueprint contains the objectives to be reached through the interviews conducted. To each sub-research question one or more objectives are related, subdivided in topics and related aspects.

1. Who are the important Dutch stakeholders who take initiatives in the horticulture cluster abroad?

To make a stakeholder analysis

Understand the interests of the various stakeholders

Possible conflicts among the stakeholders

To make a document analysis

Amount of initiatives

2. Who need to be taken into account in order to get socio-economic sustainability?

To achieve mutual dependency of second and first layers

Investments done in local area

Food security

To identify the response of the locals on greenhouse horticulture

Knowledge on greenhouse technology

- Service points
- Capacity building
- Operation & maintenance

Bringing the knowledge into practice

- Knowledge gaps
- Difficulties to practice the gained knowledge
- Vocational centers

Acceptance

- Willingness
- Culture
- Bureaucracy
- Corruption

3. What is the role of the main stakeholders in order to create sustainable socio-economic development in the horticulture cluster?

To improve the sustainability of the project

The necessary conditions to achieve this

To understand what the stakeholders perceive under sustainability

How to determine the necessary conditions

To understand stakeholders influence on the sustainability of the project

Influence of subsidies

Development initiatives

4. What factors defines failure for Dutch initiatives in contributing to socio-economic sustainability?

To improve the sustainability of the project

Make an inventory of what went wrong in the past

Infrastructure

Accommodation

Local knowledge

Available technology

Law

Culture

livelihood

Market

reputation

5. What factors defines success for Dutch initiatives in contributing to socio-economic sustainability?

To be used in the model in which these factors are considered

Profitability

Capital/funding

Goodwill/reputation

Capacity building

Knowledge transfer

Adaptive Greenhouse technology

Subsidies (PSI)

Stable export

Clustering with other companies

Communication with other companies and organizations

Good secondary conditions employees

Interview guide

Interview-opening

- Who we are
- The aim of our research
- Why the knowledge of this interviewee is very important for our research
- Time indication of the interview
- If it is ok if we record the interview

(Sub-question 1)

- Who are the stakeholders involved when initiating international greenhouse horticulture projects?
- What kind of conflicts could occur among the various stakeholders?
- What are the interests of the stakeholders to go abroad, and of the local stakeholders to participate?
- Is there information on the amount of Dutch initiatives abroad and is this growing or declining?

(Sub-question 2)

- What is the role of the NGO's and development workers when initiating projects?
- When initiating these projects is the development of the local region taken into account?
- Are they forced to donate a certain percentage of their profits?
- Is there a mutual dependency between the Dutch investors and the local suppliers of services?
- How do these initiatives deal with countries local "food security"?
- Is there enough local knowledge?
- Are service points present?
- How is knowledge transferred?
- Are there initiatives for capacity building?
- Are these projects accepted by the local community? Are they applauding these kinds of initiatives?
- What kind of problems could occur when dealing with locals' traditions, habits and cultures?
- Do 'land rights' play a role to achieve socio-economic sustainability in a certain country?
- How do investors deal with bureaucracy and corruption?

(Sub-question 3)

- What do the stakeholders perceive under sustainability?
- How do they feel they could contribute to the sustainability of the project?
- What are the necessary conditions to achieve sustainability? The presence of local knowledge? The presence of big local entrepreneurs?
- Does a liberal market increase the sustainability or does it increase the risk for failure?
- What is the influence of providing subsidies to the sustainability of a project?
- What is the influence of development initiatives on the sustainability of a project?

(Sub-question 4)

- How did the project fail
- In which area or country was this project initiated?
- What was the duration of this project?
- What were the factors for failure?
- What was the influence of local knowledge on the failure?
- What was the influence of the local infrastructure?
- What was the influence of the culture of the people?
- What was the influence of bureaucracy and corruption?
- What was the influence of the investors on the failure? Were mistakes made in choosing the wrong crops for the wrong area in a different climate?
- Was there a lack of service points, suppliers or organizations?
- What was the influence of the local market?
- Was there any clustering of horticultural companies in that area?

(Sub-question 5)

- What makes a project successful
- In which area or country were these projects initiated?
- What is the duration of these projects?
- Are these projects subsidized (PSI)?
- What was the role of the Dutch government in these projects?
- What is the effect of these projects on the local region and local people?
- What makes these projects sustainable?
- What are the factors for a successful project?(related to the subgroups)
- Was there any clustering of horticultural companies in that area?
- What about the reputation of the produced products, the company, the export market, the country or the local people?

Interview-ending

- Is there anything we did not ask related to this topic, but you still want to elaborate on?
- Thank you for the interview
- Summarizing interview results
- Ask whether we can contact him/her if we go through the interview and need some more insights (e-mail or telephone number)
- Thank again for making time in his/her busy schedule, and tell him/her if interested that it is possible to receive our final report

Appendix III List of interviewed people

Personal interviews

Name	Function	Organization	Location	Date	E-mail
Jouke Campen	Scientist greenhouse technology	Wageningen UR Greenhouse Horticulture	Wageningen	19-11-2010	Jouke.Campen@wur.nl
Olaf van Kooten	Scientist Greenhouse horticulture	WUR	Wageningen	24-11-2010	Olaf.vankooten@wur.nl
Edy Zonneveld	account manager/ advisor	EVD	Den Haag	25-11-2010	edy.zonneveld@agentschapnl.nl
Rutta Firdisa	Student	EHPEA	Wageningen	26-11-2010	Rutta.Firdisa@wur.nl
Cor Zuurbier	Grower Zuurbier and van Kleef roses	Zuurbier en van Kleef Roses	Heerhugowaard	29-11-2010	cor@zuurbier.com
Jeroen van der Linden	Consultant	Advance Consulting	Ede	29-11-2010	jeroenvanderlinden@advanceconsulting.nl
Niek Botden	Project manager/ consultant	Hortisolutions/ Preesman	Ede	29-11-2010	HS.Holding@hortilink.nl
Ammerlaan	Rose grower	AQ roses	Aalsmeer	30-12-2010	wimjr@agroses.com
Jan Buurma	Researcher 'Sociology of Innovation'	LEI Wageningen UR	Den Haag	30-11-2010	Jan.buurma@wur.nl
Juliana Botero Porras	Head of Trade, Investment and Tourism Section	Embassy of Colombia in The Netherlands	Den Haag	30-11-2010	julianabotero@xs4all.nl

Ard van der Maarel	Area Manager Asia	Koppert	Berkel en Rodenrijs	01-12-2010	avdmaarel@koppert.nl
Anne Elings	Researcher	Wageningen UR Glastuinbouw	Wageningen	03-12-2010	Anne.elings@wur.nl
Ruud van Lieshout	Account Manager Africa	Flora Holland	Rijnsburg	06-12-2010	ruudvanlieshout@floraholland.nl
Maarten Moerman	Technical Director	Intergreen	Honselersdijk	09-12-2010	m.moerman@intergreen.nl
Jacques Wolbert	Director MPS	MPS	Honselersdijk	10-12-2010	Jacqueswolbert@ecas.nl
Gerard Hulisz	Area Manager Asia	Rijk Zwaan	De Lier	13-12-2010	g.hulisz@rijkszwaan.nl

Telephone interviews

Name	Function	Organization	Date	E-mail
Peter Barnhoorn	Co director	Sher	02-12-2010	p.barnhoorn@sher.nl
Arjan Nobel	Sales Manager	Van der Hoeven	08-12-2010	a.nobel@vanderhoeven.nl

Appendix IV Interview Analysis

Personal Interview Analysis

Interview 1 Jouke Campen, Wageningen UR

Interview 2 Olaf van Kooten, Wageningen UR

Interview 3 Edy Zonneveld and Michel Ridder, EVD

Interview 4 Rutta Firdissa, EHPEA

Interview 5 Cor Zuurbier, Zuurbier en Van Kleef Roses

Interview 6 Jeroen van der Linden, Advance Consulting

Interview 7 Niek Botden, Hortisolutions

Interview 8 Ammerlaan, AQ Roses

Interview 9 Jan Buurma, LEI

Interview 10 Juliana Botero Porras, Colombian Embassy

Interview 11 Ard van der Maarel, Koppert

Interview 12 Anne Elings, Wageningen UR

Interview 13 Ruud van Lieshout, Flora Holland

Interview 14 Maarten Moerman, Intergreen

Interview 15 Jacques Wolbert, MPS

Interview 16 Gerard Hulisz, Rijk Zwaan

Telephone Interview Analysis

Interview 1 Peter Barnhoorn, Sher

Interview 2 Arjan Nobel, Van der Hoeven

Interview 1 Jouke Campen, Wageningen UR

November 19, 2010. Start interview: 10:00

By: Nienke Busscher, Joan de Visser and Mohamed Gonbour

Interviewee	Jouke Campen
Function	Scientist greenhouse technology
Organization/ Company	<u>Wageningen UR Greenhouse Horticulture</u>
Interviewer	Joan de Visser, Nienke Busscher (also note-taker and reporter) and Mohamed Gonbour
Topics discussed	<ul style="list-style-type: none">• Greenhouse projects in Malaysia, Gulf region• Land owners• (local) governments• Local culture and its influence• Influence of foreigners• Supermarkets• (local) Universities and capacity building• Legislation• Capital and funding resources• Food security• Bureaucracy and corruption• Goodwill
Place	Radix building in Wageningen

Description

Jouke Campen is an expert in greenhouse technology and has experience in setting up greenhouse projects in foreign countries. His experience in countries such as Malaysia and the Gulf countries is useful, as he knows which possible pitfalls could occur when initiating greenhouse projects abroad and inform us on which stakeholders to consider during our research.

Q: Can you tell us more about your projects in Malaysia/Turkey?

Everything goes slow in countries where you want to set up a company, even if they see that there are possibilities to produce/trade. The initiation of more projects takes a long time. Of course, this differs per country and is culturally dependent. In Malaysia there are generally less investments since the investors do not own the land themselves. In Malaysia there are a lot of Chinese people who produce on the land but the contracts are only for one year so there is little

commitment. In Malaysia the Malaysian people own the land and the Chinese rent it but do not own it. No investments are done because of this situation, even though there are good horticultural greenhouses.

Q: What explains the differences of the presence of Dutch investors between Africa and e.g. India?

There is a different climate which in the highlands is very good for the cultivation of roses. There is also more space available and there are fewer rules. Furthermore, Africa is closer in comparison to India. Africa is also easier accessible due to the colonial history.

Q: Who benefits from subsidized projects?

The idea is that the local community benefits from the projects and this is mainly the case although there is a lot of discussion about this. The initiatives in the Gulf are for the benefit of Dutch companies.

Q: What was the role of development workers?

The role of development workers, as far as Jouke knows, is more in the field of the environment. They want to achieve more protection of the forest in Malaysia. Also the government is the main initiator of the greenhouses so no development organizations are involved. When a project is commercially attractive the NGO's step in. There is little social-economic development around the greenhouses in the places Jouke worked in.

There is less marketing because of the short contracts between the Chinese and Malaysians.

In the countries Jouke worked in, there were no communities build in order to build good will with the local community. This phenomenon is typically African.

Q: How is the maintenance for the greenhouses?

Maintenance is a very important attribute to let a greenhouse work properly. When a machine is broken workers often take out their cows to do the work but when you tell them what to do or install a local maintenance station this works better, but this is only possible when there are several greenhouses. There is a need of service points, which are present in areas with a lot of Dutch farmers and foreign farmers.

Summary of the main outcomes

- *Main stakeholders*

First of all the **government** when they have certain things they want to achieve like less residuals from a specific process or new greenhouse technique they highly subsidize with the hope that other users of this concept will follow their example.

Then the **land owners** are also stakeholder, in Malaysia for example the money from the Chinese workers is their main driver. The **Chinese workers** themselves are also stakeholder, as the government can help this group by for example changing the law to enforce contracts over one year.

Investors

Depending on local circumstances the **supermarket** is also a stakeholder, think of Carrefour. E.g. In the Emirates one kilo of tomatoes is €5 and when you can contract the supermarket to produce it for less, with the same quality, and you don't have to ship them anymore this can be profitable if you ask the same price. A drawback is that the *knowledge* is not there.

Universities can also be seen as a stakeholder, when you work on capacity building, universities also introduce students to the greenhouses to conduct research and this is to gain knowledge.

- *Factors*

In the Netherlands there is an investor who wants to invest in India. The **legislation** is a main difficulty in this process.

Money, there is always money involved, so there should be **banks** involved in initiating a project. When they see you can make a profit it is always a success → but you need a good business plan for persuasion.

Transport and infrastructure are necessary for export of products.

Cheap labour costs and **how to manage your labour**, to increase the productivity.

Food security, the country tries to produce all food for own people and the government strives for fresh production like grain and tomatoes.

The local **culture** could determine whether the locals are willing to work and accept the project.

Level of intelligence and **how easy workers** learn, also concepts such as learning by doing and embodied knowledge.

What is the level of **hygiene** during the production process?

Bureaucracy and corruption though in some countries this is unavoidable.

The **language** could also be an obstacle.

Capacity building especially when you work on a more hi-tech level. There are several examples of large greenhouses that were built but there was no manual on how things worked like pollinate and there was less revenue than expected.

In general local people work in the fields and for the more specific jobs experts are hired, also for the more technical jobs, and the operational management

From a local perspective the knowing on how **to deal with foreigners** could also be considered a factor.

Good will by building e.g health care and schools, which creates a win-win situation.

Also by paying well you create acceptance and willingness from the local community.

Literature/more information

- FAO on capacity building
- World Bank
- Nuffic fondsen
- Koenders Verburg nota where to invest money in? (subsidies)
- Ruud Maaswinkel (bio treatment instead of using chemicals, Indonesia)
- Anne Elings

Interview 2 Olaf van Kooten, Wageningen UR

November 24 , 2010. Start interview: 10:30

By: Martijn Heddes & Joan de Visser

Interviewee	Olaf van Kooten
Function	Scientist greenhouse horticulture
Organization/ Company	<u>Wageningen UR, HPC</u>
Interviewers	Joan de Visser, Martijn Heddes
stakeholders discussed	<ul style="list-style-type: none">• Growers, government, labour
Factors discussed	<ul style="list-style-type: none">• Corruption, knowledge on production process, employment
Place	Radix building in Wageningen

Summary

Olaf van Kooten is professor at the chairgroup of Horticultural Production Chains and is connected to the project in the role of being the expert. A previously made list with stakeholders was discussed. Concerning some stakeholders he gave us some further contacts; see list 'Literature/more information'.

Thereafter some of the most important factors were discussed. **Knowledge** is very important. Reason why most of the management of companies still consisting of western people is because they have got more knowledge about managing.

By reaching a certain quality you can really create a market. Nowadays, the quality of the roses from Africa is improved very well. This, because the employees get more knowledge and were more trained how to grow roses and under which conditions you must treat them. In the beginning in Kenya, because there were hundreds of other people waiting for a job at the entrance, managers thought that the labour was constantly replaceable. As a consequence the employees did not build up any knowledge and did not take the responsibility if there were mistakes. Which undermined the productivity of the workers and the quality of the product.

Knowledge is also necessary for solving technical problems. The most common practice nowadays is that all equipment is imported and as soon as something goes wrong, people from abroad are hired for help.

Now, increasing numbers of employees were trained by the suppliers to be able to do the technical service. Therefore, it is important to have a stable labour force.

Another point discussed is that most women do the working and also take the business initiatives. There might be some point in time that the men become jealous (Arend Jan Boekestein, International development House of Representatives VVD).

The **ability** of the local people to **copy knowledge and technique** could also be a factor. Asian people are famous for that. Olaf thinks the ability to copy things is related to the amount of **basic knowledge (average level of knowledge)**. In Africa there is a certain amount of basic knowledge. But, because of the poverty, it is in a lower scale. Nowadays, it becomes more and more improved by local schools and universities, and more and more people study on the Internet University.

In addition, to **consistency** and **production**, also **quality** is really important for your export market. Mr. Van Kooten gave an example of an increase in the US of imported flowers, nowadays more than 90%. This happened while the quality became that bad that people nowadays almost all flowers in the US were sold at mother's day and with valentine's day. In England, supermarkets saw in the same period, a great potential in the flower market. They did a research what was missing and what the consumers demanded. From that standard, they build up a market for quality flowers. Resulted in a relation with the company Intergreen which did business with fixed partners and guaranteed a certain quality to the supermarket consumer. Not only good quality in the production chain but also good conditions after harvesting and during transport of the flowers.

The problem now is that a lot of companies focusing on expanding the production in order to make their company more profitable. Resulting in that the company becomes less flexible in structure and standards of production. Reputation of the way of production and the production country is also very important for the consistency of the market. Otherwise people buy roses produced elsewhere.

Good local management is very essential for that one who has got the good knowledge and mentality but also one who can teach this to his workers and make them doing it.

The culture of corruption, which is embedded in the **government**, is also limiting possibilities. The rich layer of the society profits the most. By stimulating local entrepreneurship these structures really changes. The African Agricultural Academy is an initiative to stimulate entrepreneurship in the more middle class of the society. They think, it is better to stimulate them instead of the lower class because they are hungry and spend the money for food.

Suppliers nowadays become more and more globally orientated. Therefore, local suppliers are less important for sustainability. They focus more and more on different specific area's in the world and specialize in that area, as long as there is a market for it.

Literature/more information

- Ammerlaan (rose grower in both Africa and the Netherlands)
- Niek Botden (consultancy in horticulture, knows more failure stories)
- Paul den Beste (director KLV, knows about the AA academy; stimulation of entrepreneurial initiatives in Africa)
- Olambra Clan (started a whole sector in Brazil; growing auction and marketing)
- Ethiopian Embassy
- Intergreen Maarten Moerman

Interview 3 Edy Zonneveld and Michel Ridder, EVD

November 25 , 2010. Start interview: 14:30

By: Miguel Gonzalez, Martijn Heddes and Mohamed Gonbour

Interviewee	Edy Zonneveld and Michel Ridder
Function	Horticulture account manager/advisor
Organization	Ministry of Economic Affairs
Interviewer	Miguel Gonzalez, Martijn Heddez and Mohamed Gonbour (also note-taker and reporter)
Other present stakeholders discussed	-
Factors discussed	<ul style="list-style-type: none"> • Local Government • Dutch Investors • Banks • Local University • Out Growers • Dutch Government
Place	The Hague
More information/contacts	<ul style="list-style-type: none"> • Frank Joosten Advance Consultancy • Geert Westenbrink, agricultural councilor Ethiopia • VGB Aalsmeer • Horticoop in Bleiswijk • Cordate, Nuffic, ICCO • Ingrid Korvid • Fenedex in The Hague
Extra remarks	<ul style="list-style-type: none"> • We received additional literature: Sector Focus plan Horticulture 2010 • We will receive "Leidraad" a paper on out growers

Description

The EVD is an agency of the Dutch Ministry of Economic affairs. This agency gives information about the possibilities of doing business abroad. Whether this is exporting or starting subsidiaries.

Other tasks next to giving information is financing with subsidies and networking.

In this case the EVD was mainly contacted to get more information about subsidies.

Q. It is said that by 2012 the PSI subsidies are cut for a couple of countries, what is the reason behind this?

The reason for this is that the government decided to cut in developmental aid, by cutting in this budget. Another reason is that we were concentrating on 50 countries, which is too much. The

new policy is to specify more in less countries. When the list of countries becomes too big, it becomes inefficient.

Q. There has been a change in policy making. Policies used to follow the NGO's or the local governance, but has it now changed more into the private sector.

That's true, in the last 50 years this has been changing, policies used to follow the NGO and local governance, but now it's more focused on the private sector. 12 years ago the minister of development decided to start to focus on the private sector instead of the NGO.

Q. What are the conditions to provide subsidies? Do they focus on the project or on the country or both?

The conditions of subsidies are all mentioned on our website. Furthermore there is a list of countries who are considered to be awarded for subsidies. The main factor to get subsidies is a good business proposal. There has to be a clear market and a profitable business. There should be short term goals such as generating employment and to train people, but also long term goals to improve the private sector. The company which requests this subsidy needs to have a good reputation and has to exist for at least 2 years and it has to work together with a local company. Finally the initiative has to be new and innovative, it should be proved that this hasn't been done before in a certain area or country.

We don't focus on the stability of the government in a certain country. It is very important that it is a strong company, which we will investigate to be sure that this is company is not for example at the blink of bankruptcy.

Q. How do you contribute to the sustainability of the project? What is your perception on it?

The company needs to concentrate on corporate social responsibility and economic cooperation on development. This means that human resource management, human rights, no child labour and forced labour are all considered. Furthermore workers should be able to organize themselves in unions. This is also our perception of sustainable projects, to include all these factors in a project. Also the MPS certifications, it is necessary that they receive certifications, for fertilizers and pesticides used.

Q. What kind of financing are possible?

We consult Frank Joosten from [advance consultancy](#) for the finance part of the business plan. What we do know is that it is really hard to get loans from banks as they are small medium enterprises and banks are not willing to provide loans to them. Furthermore there are some insurances from World Bank, which could be used when money is spend wrong or misused.

Q. Could you tell us about the trade agreements, that in the least developed countries they are free to export their products on the European market?

We don't know about that.

Q. Is there information on the amount of Dutch initiatives abroad and is this growing or declining?

Yes I will send this data by mail.

Q. Are companies who are awarded these subsidies forced to invest a certain percentage of their profits in the local economy?

No they are not forced to do this, this is on voluntary basis. But it is smart to do this, to create Goodwill, so when there is for example a situation of instability or tribal unrest the local villagers will protect the company. So it is in their own interest to invest in the local area, to create goodwill and willingness among the locals. There is on the one hand corporate social

responsibility such as labour rules and on the other hand corporate social commitment to start initiatives by doing something good for the locals to create goodwill and acceptance.

Q. What are the interests of stakeholders to go abroad, and of the local stakeholders to participate?

Well the local market is not really a criteria for us. The interests could be the improvement of products, to go abroad instead of producing in Holland. The possibility for various fruits and various horticulture products. I want to advise you to talk with [Geert Westenbrink](#) on code of conduct and training.

Also look at the [VGB in Aalsmeer](#), who are a plants and flowers representatives organization.

Q. Is it important to do clustering?

Well you could think it is, but it depends on the scale. Let me give you an example. Share Holland first started in Kenya and they grew really fast and had 400ha. So they tried to do the same in Ethiopia and directly started with 400 ha, but this led to socio economic problems. Furthermore there wasn't enough water in the area to meet the production. The socio economic problems occurred when there wasn't enough people, they needed labour. So this led to migration from other parts in the country to that specific area where Share Holland was active. This increased the tensions between the various tribal groups and a lot of problems occurred. This project failed to succeed, because they wanted to grow too fast and the size was too big, and this needs government support. Smaller clustering to combine would have been a better strategy.

Some other things that could go wrong are the lack of infrastructure, flower export depends on airports and facilities in airports such as cooling houses. Also good roads, direct access to telephone and internet should be present. [Horticoop](#) could order containers.

There were also some Ethiopian entrepreneurs who produce many products and who tried to set up a rose farm, but specific expertise is needed for roses, so they have failed and went bankrupt.

Q. What is the position of out growers and contract farming?

Well if working with the out growers is not a core part of the project it will be a failure. There is a paper which is called "Leidraad" and elaborates on how to work with the out growers and vice versa which I will mail to you. For example organizations such as Cordaid, Nuffic and ICCO work with small scale farmers advising projects in Ethiopia on animal feed, they work through small dealers. Beans is also an example of an out growers product. Sometimes companies are not really interested in working with the out growers, but they are only interested in obtaining the subsidies. There are some examples of Dutch companies in Ethiopia who worked with the out growers and were successful.

Q. Are there any initiatives for capacity building and knowledge transfer?

Well there are initiatives to improve curricula of the local universities and private schooling. There also some educational projects but support of local government is needed. You could contact country advisor on agriculture [Ingrid Korvid](#). Furthermore Mexico is an example of a country that had the conditions to be successful in greenhouse horticulture, but skills and knowledge are lacking. The suppliers knowledge is very important.

Q. How do you improve the position of local suppliers and the second layer in certain countries?

Well this is difficult as Dutch companies are not willing to do business with small scale suppliers. Furthermore worldwide there are 4 or 5 suppliers of greenhouses active. To supply pesticides and fertilizers you need the help of big multinationals so that is also difficult. Only the supplying of seeds could be done by local suppliers. For cuttings it is only possible for the small scale farmers.

But it has to be economical sound, why would you buy from local suppliers when you can get cheap fertilizers from China. It needs to stimulate clients, also for rose companies you need high tech which is imported. Also import taxes are low, because of low food tax rates.

Q. How do these initiatives deal with local “food security”?

Local “food security” becomes more important. English supermarkets promote “food security” corporate social responsibility. Another trend is local 2 local initiatives which could threaten the foreign farmer in a certain country, this is happening in east Europe.

Q. Who is responsible for the operation and maintenance of the greenhouses?

Growers operate the greenhouses themselves and the plastic is replaced every 2 years. You could contact [AVAG](#) who can give you more information on this and their strategy.

Q. What is the influence of local culture?

You could contact [Fenedex](#), they can give you information on this. They also inform and advise companies on the local culture and what to expect and how to deal with this. They help smaller countries and businesses. It does have to do with smaller enterprises.

There is also an example of a Dutch investor who wanted to set up a company in Ethiopia and eventually didn't. The reason for this is that he had his plans worked out and had a local partner, only it took too long before the local partner reacted and to get a loan from the bank. This is of course different from Holland and should be considered when going to such a country.

Q. How do investors deal with corruption and bureaucracy?

It is not allowed for them do deal with corruption, but this probably happens.

Q. What are factors to be considered by investors to go abroad?

A lot about law and ruling.

The import and export rules.

Possibility to buy land.

Free trade or not.

How safe is your investment.

The market investigation.

The local infrastructure

The physical opportunities

Climate, land and access to water.

Level of protectionism and liberalism.

The tax holidays, exemption of taxes for 5 years.

Interview 4 Rutta Firdissa, EHPEA

November 26 , 2010. Start interview: 16:00

By: Miguel Gonzalez, Berend-Jan Dobma

Interviewee	Rutta Firdissa
Function	Student: Production management, Product value chain
Organization/ Company	E.H.P.E.A. Ethiopian horticulture association
Interviewer	Berend-Jan Dobma, Miguel Gonzalez
stakeholders discussed	<ul style="list-style-type: none">• Local farmers (land owners)• Investors• Local universities• Government
Factors discussed	<ul style="list-style-type: none">• Invest in locals first, then profit• Infrastructure• Knowledge: training• Market: certifying
Place	Forum, Wageningen
MAIN FACTOR	Local people

Description

Rutta is an Ethiopian lady and works for the Ethiopian horticulture association EHPEA. She is highly involved in the auditing of farms and the training of the employees in order to certify the flower farms with respect to the code of practice. She also is graduated from Jimma University, which has a large horticulture department.

The interview focused mainly on local people. At the beginning she explained a bit how everything started in Ethiopia, especially the government's decision. We talked a lot on the effect that the projects have on local people, how local people experience it, and what foreign companies may do to get people involved. A bit of knowledge and certification was also commented.

LOCAL CIRCUMSTANCES/GOVERNMENT

Q: How everything started in Ethiopia? What is the role of the Government?

In Ethiopia the big greenhouse horticulture industry was a **Government initiative**, they wanted foreign inversion to develop regions that did not have a high production of arable farming. This was the so-called wasteland. It was not productive and should therefore not compete with other farming land or food production. However, **infrastructure** (Roads, airport, internet, electrical power, etc.) was not present. Also these wastelands were far away from the capital city Addis Abeba and hence the airport. With perishable products like flowers and vegetables the logistics need to be as efficient as possible. As a result of that the investors decided to move near the capital where all infrastructures are present or at least more easier to get.

The government wants to expand the production of high value horticultural crops, in order to earn hard currency and generate employment: **giving facilities to investors**

LOCAL PEOPLE

Q: What was the reaction of the local farmers that own the land?

The government owns the land and gave it to the investors. That sometimes generated a bad feelings among the local people who loosed their land and when some indigenous trees were cut. However, for the owner of the land:

- **Compensation money** was given: However the local people were not **trained** or advised about how to use that money, so they just “drink it”
- **Offer jobs** for them in greenhouse: when it is off season at their own farm the farmers can work in the greenhouse.
- **IMPORTANT: Responsible investment:** If the company ask for land and don't build the greenhouse, you are pushing farmers out and don't give job so you create poverty and people will be against you. If you get the land and **not use, give back** the part you don't use to the farmers. As an example Rutta mentioned a company (Maranka??) that leased the land from the government, but did not fill the plot with facilities completely. They were cultivating crops that could be used as food for the lunch break instead. Or they let the agronomists grow some crops on it, so the locals could learn how to set up a business.

Q: How local people benefits from the greenhouse?

- **Employment:** There is a high level of unemployment. So labour is cheap and largely available. By working in the greenhouse people will have an income that is higher than working elsewhere. 80% of the labour force is female, and men only do temporary work, mainly in the installations, pesticides spraying and repairing or building the greenhouse constructions. If the men are not working in the greenhouse, they work either at home on the farm, are employed in the city or stay unemployed. Despite the fact that females are earning an income for the family as well, there is not a social change inside the family. The male is still dominant within the family, even when he is not working. On the other hand single woman earn money independently and they can pay to go to school after working in the greenhouse.
- **Investing in locals:** Rutta says: “First help the local people then profit” Like giving then fresh water, clinic facilities, hospital. The idea us that the **people see how they benefit** from the greenhouse.

Q: Does any cultural thing need to be considered when investing there?

One thing important to consider are the **holidays**, they are quite frequent religious holidays every month. So you have to have in your mind that nobody will want to work, you may have

delay in delivery. And you will have to pay more to the people to work those days (2.5x of normal)

LOCAL PEOPLE/ SUPPLY

Q: Is there any entrepreneurship developed around the big greenhouses?

There is hardly any entrepreneurship developed by the local people as a result of the presence of horticultural investors. This is because people do not have any capital to invest or have knowledge to grow high value crops.

Supplies are either imported by the investors and if present most of the suppliers are from abroad. This is also because the investment is too big to set up such a business, or supplies are not made in the country and need to be imported.

However, there are some people that are copying the systems used in the greenhouse, which is improving the production on their own farms, like using irrigation that they didn't use before. But in general that is not very successful.

Also opportunities are given to the agronomists that are working in the greenhouse to have their own field. They grow onions or other crops and take care for it during their breaks or after the work. In this way people are more or less trained to set up their own business. This is very rare and mostly on small scale.

KNOWLEDGE

Q: Who manages the greenhouse?

The management is most of the time, especially at the beginning, done by **outsiders** (Dutch, Kenya, India). That happens if the investors are local and don't know how to manage a greenhouse, they just have money and want to invest it. Also if a foreign company settles in Ethiopia it will be managed by a foreigner, because the local people do not have any knowledge on growing the crops.

Owners of the greenhouse companies sometimes hire people from universities that are trained as an agronomist. However large capacity building projects are just started. They sometimes train the people in the job to become more and more responsible.

Q: How is the training organized?

Not much capacity building. There are projects with PTC+ EHPEA, governments, universities and companies to train the trainers and the higher management. In the future training centers will be built in the areas where the greenhouses are located, so the employees can be trained to improve their skills.

The companies will select from their agronomists who of them will be trained in the capacity building and they will send him there. They also collaborate by giving part of their greenhouses for training this people. E.g. an agronomist gets the responsibility to manage a department of the greenhouse by himself and will be supported by his supervisor.

Important training in the use of supplies, like in how pesticides are labeled and need to be applied, are given by the EHPEA.

MARKET

Q: Is there any certification?

MPS made a **code of practice**. It is developed based on the experiences in Kenya, and Zambia, and was developed by growers. All the certifications are demanded from the market in Europe. Important points:

- Labor law: they need to have a contract. Problem in the insurance part, the health system is not really developed.
- Have installations for workers, like toilet or places for eating, or they will do it in the greenhouse and that will not be according the international requirements for producing.

In Ethiopia there is a labour law. Everything of that is included in the code of practice, however most of the flower farms use the labour law as a basis use even higher criteria themselves to satisfy the European customers.

Interview 5 Cor Zuurbier, Zuurbier and Van Kleef Roses

Interviewee	Cor Zuurbier
Function	Grower Zuurbier and Van Kleef Roses
Organization	Zuurbier and van Kleef Roses
Interviewer	Martijn Heddes and Berend-Jan Dobma
stakeholders discussed	<ul style="list-style-type: none"> • Local Government • Dutch Investors • Banks • Local University • Out Growers • Dutch Government
Factors discussed	<ul style="list-style-type: none"> • Description • Workers • Government • Market • Ethiopia
Place	Heerhugowaard
More information/contacts	<ul style="list-style-type: none"> • Gerrit Barnhoorn, Sher • MPS

Description

Cor Zuurbier is a grower who started in 1967 with rose growing in Heerhugowaard. Expanded his company in Holland till 1999. Bought the company Van Kleef roses as a rose breeding company. And has companies now in Israel and Kenya 30ha near Navashia lake. A place where about 1,000ha of horticulture has established now. He choose for this location because the infrastructure was already there. It was quite easy to start up a company in Kenya. The export market was focused on the Dutch auction and some partners they were familiar with. Also, some Dutch colleagues who already had a company in Kenya inspired the Zuurbier family and it was easy to get land in order by buying land or lease it from the government .

Workers

In Africa The people are quite mobile. If there is no work they go to places where work can be found. In West Kenya nowadays there is still a very high unemployment. People migrate to Navashia where there is work for about 16,000 thousand people. In Africa still people feel related to their clan. Something you need to prevent is forming of groups/clans within your employees. Be focused to treat everybody equally or that you only have employees of some clans. Most of the time in Kenya everything is quite peace full If people got work, money, something to do and no hunger. Only during times of election it can become restless. This is because different clans want to have the power over the countries' policy.

Also labour unions could provoke labors against the companies. Most of the time the leaders want to have a good career or maybe they want to make a career move to politician or they were stimulated by European labour unions which say that 5 euro per day is not enough salary.

As an investor you need some contact people in your company with the labour union and try to influence them sometimes.

Cor Zuurbier explains that the 5 euro a day is already 50% more than the Common Labor Agreements. People are not only paid in cash. The workers also get food during lunch, health insurance, money for the school and facilities as a school, hospital, houses etc.

Most of the companies work with woman in their companies because they feel more responsible for the company. Furthermore, they could better save their earned money and feel more responsible for the family and the kids. Moreover, they have more care for the flowers as well and it's easier to work with them.

Nowadays some bank systems start in Kenya for workers to pay their salary. A cash machine is at the entrance of the company. Monthly the employees get paid. This bank system is quite an improvement because of raids in the past on payment days. Zuurbier had to hire people with machine guns during this payment days in the past. Some people on the end of the month take all their money out of the cash machine and send it to family to the other side of the country by Peeza payment system. This is a system who work with local offices and SMS contact. Nowadays every African got a mobile phone. Also their life standard is increasing.

In the past the south of Kenya had some problems with migrants and big clusters. The small towns there were overwhelmed by migrants. Companies for example Sher tried to avoid problems with the local people by building enough houses, schools, supermarkets, possibilities for recreation, hospitals etc. with that the tension was tempered. Problem in Kenya is that clans do not mix together to other Kenyans from other tribes or clans, in contrast to in Tanzania where people do.

Most of the middleclass people in Kenya are white Africans, English Africans or Indians (people who were building the railways 150 years ago. It is supposed that they can learn faster than the African people, have better management capabilities, are more creative, feel more responsible and could better copy things. Cor mentioned it was just not in the power of the African people to get these properties. Actually, they need to be managed all the time and they need to be under supervision all the time. Some were better than others, but still, daily management by someone from Europe is needed to keep the overview. Overall, for this the management is quite more complex than in Holland. His overall impression was that that is why Africa does not catch up their lag.

Government.

The government has got quite some influence in Kenya. There is corruption while the government does not intervene or fight against it. Zuurbier however wants to avoid corruption more and more. Most important is for the company to become good friends with the local Mayor. He can arrange some security for your company by the police, can influence the people etc.

Also for the people. The companies have to make the first investments and plans for secondary facilities as schools (primary and secondary) and hospitals. After a few years the government tries to arrange in a more easy way for setting up these facilities and eventually take the responsibility for them. So as a company you have the responsibility to arrange required secondary facilities for the local people. This is also very profitable for the company not only for

goodwill but also for keeping your workers into the company. There is some shortage of good labour in Kenya. Furthermore, most of the labors are woman who have to take care for their children. Therefore, primary but also a secondary schools can contribute to day care of the children. Also a good health and facilities for water can lighten the work for the woman so they can better focus on their job.

Market

Almost all flowers produced are for European market. A small amount goes straight to Russia and a very small amounts to Dubai.

Cor said that there is almost no competition between the companies for the Dutch market and auctions. This was because the market share of the big supermarket companies is only 35-40%. The rest is for flower shops and florists. Cor thinks that the competition is more a problem for the vegetable market in which the supermarket has about 80% or more market share. If you want to have more influence on the export market then, you need to become a big player or part of a big corporation in the field, or have a niche market in something nobody else has or can do.

There is more competition in the flower market to deliver to the English market (Ozarian) because of some necessary certifications as fair trade and vase life guarantee. For this you really need overview and control on the whole chain from production to the supermarket in order to control your goods and threat them in the right way.

Cor looked everywhere in the world for starting up a company abroad. He didn't went to South America because then he had to create a whole new market for roses. Furthermore people in North and South America are not so " Flower Minded" as he called it, they do not put flowers on the table but they want to have flowers for an event as with Valentine's day or Mother's day. After a day they throw these flowers away. In Europe people want to have flowers in their house for whatever reason with a long vase life. Also in the past in Europe people only bought flowers for an event and after a day they throw them away. Nowadays they care more about quality and vase life Cor thinks. For cultivating roses abroad you have to take care that it takes 2 days more for transport. Therefore you need to choose varieties with a longer vase life, stronger, less vulnerable for damage etc.

Ethiopia

Zuurbier roses had also a company in Ethiopia. They started two years ago a joint venture with a Israeli partner. This didn't worked out, he told us, so they stopped their company. It was because of a bad relationship with the partner. Also there was a bad management on the farm. Moreover Cor was complaining about the mentality of the Ethiopian workers. It could be that they worked for your company and after a while they didn't come back for a month without telling why. In addition Cor thought that Kenyan people were more dutiful then Ethiopian people. Furthermore, this Ethiopian people had problems with copying behavior, did not learn that fast, or they had a lack of knowledge. The rates of workers between the countries was roughly 7-8 people per ha in Holland means 15-16people per ha in Kenya means 30 people per ha in Ethiopia. Therefore in Ethiopia you need a really good structure and management for the amount of workers you need.

Interview 6 Jeroen van der Linden, Advance Consulting

November 29 , 2010. Start interview: 11:00

By: Miguel Gonzalez, Nienke Busscher and Mohamed Gonbour

Interviewee	Jeroen van der Linden
Function	Business consultant
Organization	Advance consulting
Interviewer	Miguel Gonzalez, Nienke Busscher and Mohamed Gonbour (also note-taker and reporter)
stakeholders discussed	<ul style="list-style-type: none">• Dutch Investors• Banks• Governments
Factors discussed	<ul style="list-style-type: none">• Finance• Subsidies (international)• Success factors• Failure factors
Place	Ede
More information/contacts	<ul style="list-style-type: none">• NVO (involved in C.S.R.)

Description

Advance Consulting is a company that gives advices and acquires subsidies from the Dutch government for Dutch companies that want to expand their business abroad. This consulting company is interesting because of their knowledge about the financial matters in relation to setting up a company abroad.

Q. What is your perception of sustainable projects?

Sustainability is commercial successful. We work within the private sector, so profitability is the main goal. We work with mostly smaller enterprises. So for it to be attractive enough, it needs to be financially and commercially viable. Although certain factors need to be accommodated, such as achieving socio-economic responsibility.

Q. What kind of pitfalls could occur when investing in a country abroad?

Well, a couple of years ago China was really popular to invest in and a lot of entrepreneurs went over there to do business. That was golden business, but you need a political network and you need a Chinese partner. Commercial feasibility is more than only financial. Transferring money to China, you need a political network and enough money on forehand.

Furthermore you need 2 entrepreneurs and I prefer the name entrepreneur instead of investors as they do risk entrepreneurship and they steer the company. You need 1 Dutch entrepreneur and 1 local. In China you can have everything in place and think you can do it alone, but you will fail. You need the political network, you need people who have contacts in the local governments. For example having dinners every 2 weeks and to accommodate those people, because you don't want them against you. They could tax you or get in the way. When you are a local company and successful, they will interfere. Also to obtain business licenses you need the locals to obtain these.

Q. What is your role in the project?

Writing investment plans, because the entrepreneurs know what they want but they don't have it on paper. You need a good business plan to get finance for your project. Part of this is a good market research but also a search for a partner. The plan needs to be assessed on the financial and commercial viability, and shows the financial and economic feasibility. The acquisition of additional finance and subsidies. The subsidies can be obtained on a European and international level, it also possible to apply for subsidies in Germany and Belgium. The Belgium development/investment bank is better accessible than the Dutch FMO. In Germany it is possible to apply for the Public Private Partnership grants and subsidies, but sustainable investments are necessary. It also possible to get technical assistance.

We don't do the market research, we expect the entrepreneur to have done this. We only look at how to set-up the business, what the necessary conditions are. When we successfully get the finance for the project then we have reached our company's goal.

Q. What is the role of the banks?

ING or RABO bank don't finance these project unless they have offices in certain countries then it is possible. RABO bank does have a foundation who give grants and subsidies. Mostly projects are only financed in developing countries and emerging markets, and 65% is in the agricultural sector. As the agricultural sector is the main contributor of the GDP of those developing countries.

In these markets there is a lot to gain, in assisting and improving the yields. Adding value to the product by certification and labeling, but also for example in sustainable tourism. This is a specific type of financing: risk financing.

Also when you go to a bank, they will always ask for your collateral. They could also make use of the FOM (Finance Opkomende Markt) which is a Dutch development bank, with equity risks and the threshold to get loans is lower and they are backed by economic affairs.

It is also not easy to negotiate with banks, unless you have proven your business and you want to expand.

Q. What makes a country not good for investments?

There should be a market or at least a favorable investment climate to export your products to the Dutch market. But also the environmental effects, as producing in Holland leads to more CO₂, although using airplanes for transport.

Furthermore, also look at the tax holidays, benefits, how easy is it establish a loan and dealing with bureaucracy when obtaining licenses.

Q. You work on a performance basis, what does this mean?

The concept of no cure no pay. This means that we offer service which is only paid for when we succeed to obtain the financing of the project for our client. When it leads to a contract, we get a certain percentage. Sometimes when we don't believe in a proposal to be successful we refuse the assignment. This way we also send a signal to the client that we are 200% committed, also when the client withdraws during the process a penalty fee needs to be paid.

There is also no discussion on the time spend or the time needed, as we don't get paid by hour like most consultants, but per assigned project.

Q. Corporate social responsibility is a hot topic right now, could you tell us more about this?

This I see for example at banks, how socially accountable are they, but also for example do they invest in weapon trade. There is also a C.S.R. score list, in which you can find out how they score on this subject. You can also make money with a corporate social responsibility image. For example Shell and Unilever were being criticized heavily for not being sustainable by public pressure the companies adapt their thinking. When you don't consider the environment and you don't generate employment in the long run you will not be successful.

Q. How is this Corporate Social Responsibility being monitored?

This is done by reporting. For example report that you are now working with 500 out growers. Contracts for technical assistance or best practice management. Also by knowledge transfer, recruit local staff or transfer knowledge to third parties.

Q. What are success/ failure factors?

Dutch management is needed as you can't train entrepreneurial skills.

Gender issues need to be considered, distribute tasks for typical male and female work.

Business in Islamic countries, make a meditation center in which the employers can perform their daily prayers, to get their commitment. You will benefit from this in the long run.

Do not copy and paste, but look at the prevailing factors. Success in one country doesn't guarantee a success in another country.

Interview 7 Niek Botden, Hortisolutions

November 29 , 2010. Start interview: 21:15

By: Miguel Gonzalez, Martijn Heddes and Nienke Busscher

Interviewee	Niek Botden
Function	Horticulture consultant
Organizations/ Companies	Hortisolutions Preesman Greenview
Interviewers	Miguel Gonzalez, Martijn Heddez and Nienke Busscher (also note-taker and reporter)
Factors discussed	<ul style="list-style-type: none"> • Market situation (niche or mainstream) • Capital/equity • Logistics • Business plan • Embedding in society • Trust of banks regarding each other • Infrastructure • Government
Place	Ede
More information/contacts	<ul style="list-style-type: none"> • Sher Ethiopia • Ruud van Lieshout Flora Holland • Van Oers (vegetables) family company who produces fresh beans in Ghana, Egypt and Morocco (only horticulture). They started from scratch, completely on their own. (whole supply chain). • Agro Pro Focus Hedwig Brugman CEO in Arnhem • MPS • Natures Pride focusing on exotic food. Work with smaller growers. Contact Shawn Harris (owner) • Rufipa (Spain, Alicante), Juan Antonio Moralez

Background: Niek Botden is a person who has a lot of knowledge about the horticulture sector. He finished his studies in 2001 in Plant Sciences in Wageningen he focused on plant and crop science and farm management. He worked for the group of Olaf van Kooten in Wageningen and did his thesis here. He discovered that there is a gap between the field and theory; the

researchers don't talk the same language of farmers. To fill this gap he translated this in starting his own company; Hortisolutions BV to diminish the gap between the university and the industry. He got more and more work from plant breeder Preesman so he started working for this company. At the end of the time he knew more about their strategies than their own employees. So Preesman bought Hortisolutions. For his own projects he conducted research on quality chain and product quality. He started working on product quality from product point of view from consumers side. A lot of companies were interested in this concept. Next to that he also handles international banking proposals if companies are interested to start a company somewhere. This is done in order to get money on the table together with entrepreneur. Until January this year this stopped because of the recession. To acquire subsidies was no problem but own equity was lacking from the entrepreneurs point of view. Meanwhile he started Horticultural Travel Agency Group. This is a concept where he matches partners, does trainings, and link persons to each other from all over the world (developed and developing countries). Currently he is project manager for Greenview, a crop consultant company. This company is very big in mainly vegetables. They provide advice to very big professional growers (greenhouse from 50 to 100 hectares in USA Poland etc.).

Interview

From Nieks point of view South- North relations are getting stronger. People travel and want to find all year round vegetables / fruit. So the South is producing for North. Production seasons are overlapping each other so there is a possibility in to see how you can supply the consumers in global sourcing. So there is a large potential for year round production, with concentration in up-scaling and internationalizing. The company's' numbers are going down. So it is really difficult to start company with an export focus. Smaller farmers try to export by producing a maximum level and group together and offer a supermarket a certain bid. But the difference in scale is too high. There are little supermarket chains (about ten) and they have to feed 500 million consumers. Hundreds of traders are knocking on their door but at the end of the day **quality** and **price** is license to deliver. This should be done on a reliable and save way. There are hundreds of traders and they want consolidated product so you get more upstream in the supply chain. A lot a growers work together (merging) like in NL.

Q: What does this situation mean for the investments in developing countries on socio-economic level?

There is no export market without domestic home market. Companies first have to be **reliable** and **constant in time** for their company performance (quality etc.). When they reach this step you can start thinking about export because when there is an uncertainty about production or quality, this extrapolated to a whole supply chain. E.g. you should rely on that your jet lands in NL and the whole process is streamlined. If they are not ready to do this, they should not enter the supply chain. For growers who produce typical products like food or flowers it is difficult to step in this export market.

When countries want to develop sustainable horticultural sector they have to **look to market windows of niche products**. Then it is possible to work with relative smaller amounts of farmers. When they want to enter in the mainstream of products only possible when you have a **reasonable amount of volume in a particular time frame**. But then they need people who feel responsible and need good management.

Another trigger is climate, though with modern technology you can do a lot. Nowadays it is more or less only if there is **capital available**. E.g. in Ethiopia there was nothing on horticulture level after 5 years the country was from 0 to 1 500 hectares in greenhouse horticulture, times 20 people per hectare depending on crop, this means that easily 40 000 to 50 000 people got jobs in only 5 years of time. You see that greenhouse horticulture is already stagnating in Ethiopia; capital is limited and there are also problems to have enough capital in national reserves.

Q: Does this mean that all companies were subsidized?

Yeah, also in kind like we bring enough labour but almost all came from the government. Because of this it was booming and now stagnating and even decreasing. Because companies were wrong financed and started without a proper business plan. They started to produce without a **plan who when and what** to produce. Local and international entrepreneurs do this.

Logistics are a hell, Ethiopia Airlines has monopoly but do a terrible job. So you need storage place on Ethiopian airport to handle this.

Q: Is this because of the mentality?

Yes, of course it is mentality. People are not motivated by their heart. In Europe we use to save. Here when they have enough money to feed the family they don't show up at work afterwards. They have other mentality to how they look to money. The life day to day instead of with a long term vision.

Q: Do you have any case examples of how you changed this?

I know examples; many companies don't pay full salary, only 50 percent to family and the rest they pay later. You see also that they start to work with own saving programs. So they keep part of salary behind in order for people to save. But I would say when you want to have a sustainable long lasting investment is 1) **equity on a proper way** (no money laundry) 2) **really embedding in the rural area where you put your investment**. Otherwise you get an island in that region. You should link up with society. You cannot become reliable when you don't. If you do not do this you cannot rely on the community, consequently you cannot rely on your labour and then the importer of your food cannot rely on your company. You can do this by sponsoring local football clubs. You should **add something to daily life** linked up rural society.

Q: How do you get this knowledge

Hiring local people and training. Niek has developed a concept HHH from Hortisolutions.

- Hands (enough labour available)
- Head (capacity building, knowledge, personnel should be trained how to use hand properly, when something is wrong that they ask for help, that people know that they can get a promotion or something not always money wise (make the living of people cheaper; provide toothpaste etc. the value is higher for these people than it actually cost, Salary and money lose their value but product does not).
- Heart (Motivation, people are honest, loyal, proud to work at a particular company).

Q: How do you get such people?

Some people just go to the universities and hire people from specific study.

Q: Is there a lot of contact between local universities and companies.

It could be better. Just like in the Netherlands. There is limited contact between business and universities. The industry is often ahead of what universities are doing.

Q: So to sum it up, what is most important for sustainability?

Finance from the region for the region. So company is linked up with the finance structure. So then it gets more interesting for companies to be there and stay there. Niek saw quite a lot of aid projects that only ran for four years. Lot of money is invested but everything is done on aid money but the project is not running on its own. They look more to how many people are educated and how many is produced. Niek believes much more in micro finance schemes. This is more long term.

Q: So the clue is that you really have to have a long term vision?

Yes you need entrepreneurs. In these projects there is no entrepreneurial spirit.

Q: Can you let this be done by local people?

Don't want to be rude but it is hard to find local people who can maintain a company.

Q: Who should do it then?

It is difficult, you still see that in 90% of the investments, the project management is not from this region.

Other remarks/factors mentioned:

It is important that **banks trust each other**. It is about **trust and finance**. When you want to do it in a nice way, the most promising is when you have own equity.

Infrastructure you can secure by talking to the government. Create a win-win situation, we provide you 100 jobs, you make sure there is a infrastructure available.

Simple things like **customs**. A lot of people make a mess of this.

For **government** I would say I always approached it on an **honest and loyal way** enter through front door and leave via front door. This also means that you lose projects.

Interview 8 Ammerlaan, AQ Roses

November 30 , 2010. Start interview: 14:00

By: Martijn Heddes, Joan Visser and Mohamed Gonbour

Interviewee	Ammerlaan
Function	Entrepreneur
Organization	Ammerlaan Rozen
Interviewer	Martijn Heddes, Joan Visser and Mohamed Gonbour (also note-taker and reporter)
stakeholders discussed	Dutch Investors Entrepreneurs Governments Sher
Factors discussed	Finance Expertise Embodied knowledge Success factors Failure factors
Place	Aalsmeer
More information/contacts	-

Description

The Ammerlaan family started to grow roses in Rijsenhout and expanded several times. Now they also have a location in Ethiopia. Hence an interesting company in order to get more information about the investment in Africa and what kind of factors are important to them, when it comes to setting up a business.

Q. Could you tell us about your company and how it is doing?

Well we have set-up a roses company almost 9 years ago in Ethiopia, and it is going really good. Currently we ship 3 million roses from Ethiopia to Holland on a weekly basis. We have 40 hectares in Ethiopia on which we produce the roses and we have rented these greenhouse from Sher Ethiopia and we finish our tenth year, the greenhouses will be ours. 75% of our roses go various auction and 25% to flora Holland in Aalsmeer. Payments are done via the auction flora Holland.

Q. How did you come up with the idea to start roses business in Ethiopia?

Well we had visited the country and during that visit we orientated on the possibilities. The production in Holland only becomes more expensive so we need to find alternative methods which are profitable. During our visit we came in contact with Sher Ethiopia, and we found out the possibility of leasing a greenhouse from them. This was more convenient for us at that moment, because the getting the finance from the project was quite difficult as banks don't finance such projects. Furthermore the development bank only finances half of the project so you still need 50% of the investment.

Q. Why did you choose for Ethiopia to set-up your farm?

The Ethiopian government saw greenhouse horticulture as an opportunity for them to get currency such as EURO and Dollars. This to improve their import and export position, so a lot of rose companies were set-up by Ethiopians not to make profits but just to survive and get currencies such as EURO. To attract foreign entrepreneurs the Ethiopian government decided to introduce tax holidays, duty free export and import on inputs and outputs, make land available and give the possibility for cheap loans from development bank. Although the last was misused by some entrepreneurs. We could also chose to go to Kenya, only at that moment Kenya wasn't as safe as Ethiopia, and the ground prices were also higher than in Ethiopia. Both countries are suitable for rose farms, and the cultivation and transport costs are similar, so we chose for Ethiopia. Another option was Ecuador, only over there you needed a higher initial investment and it's further away from the European market than Ethiopia is. The Ecuadorian roses are also a special product, so that means a smaller market. This is because of the higher heights in Ecuadorian mountainous areas.

Q. Do you also consider the socio-economic sustainability of your project?

The Sher cluster is 300 hectares and 130 hectares are leased to companies such as ours. We also pay a contribution to Sher for the local area such as hospitals and schools. The Ethiopian entrepreneurs do their sales via Sher. When we came there was almost no knowledge on how to cultivate roses, in Kenya for example they are further in this process, most big entrepreneurs over there are Indian and British Kenyans. But Ethiopia wasn't a colony, so this has an impact on the knowledge and farming practices.

For us we do consider socio-economic sustainability because we do generate employment. When we started in the village 70-80% of the people were unemployed and dependent on aid money, and now a lot of those people have a job and their families are benefiting from this. Now we have 12000 employers and probably 50000 people are depending on them. So it's really important for us and for them to keep continue our project. We are also active in one particular point near the lake, in which we have a lot of accommodations for the whole village. Also this lake was polluted by the villagers but is now by the help of Sher getting cleaner. Sher tries to learn from what went wrong in Kenya.

I also think that Sher contributed to the socio-economic sustainability of the whole cluster, because they do almost everything in the process, except for the breeders part. They attract investors and entrepreneurs. They do the transport of the shipments by cargo. Also the reason for not doing the breeders part is because then you restrict yourself to a small assortment, while people always need to choose from various roses. There are 15 breeders so they offer more variety.

Another point is that a lot of young people who want to study, but can't pay for their study costs come work for us for 2 or 3 years and then they go to the university when they have enough money. There are also a lot of people who want to work for us and they stand in front of the door, screening of these people is done by police and then we offer them a job and stability.

Q. What about the local circumstances, knowledge and culture?

Well knowledge is really lacking, and they don't have much experience. **Embodied knowledge** is really important to succeed in this business. If you don't have expertise in roses you will fail to succeed with your project. The cultural things are that people are not on time, but this is

changing or that people don't show up at all without saying anything, but we try our best to prevent this and at the moment it is going well. A lot of these people have never worked in their life so they don't know the responsibilities of a job.

Also we Dutch entrepreneurs we discuss a lot with each other and try to learn from each other and share information, but the Ethiopian farmers don't do this, they want to do it their own way. If you give advice, only half of them follows your advice and succeeds the other half doesn't listen or fails.

Also political tensions play a role and should be considered, there are a lot of tribes in Ethiopia who have fought many wars against each other. We try to tackle this by not spreading the various tribes, so that they work together and accept each other. We have one policy everybody is equal and is Ethiopian. There are also some gender and religious issues that needs to be considered. The heavy tasks should be done by males, while the softer tasks by females.

Q. Can you teach entrepreneurial skills?

Maybe in the long run you could, but in the short term I don't believe it is possible. The mentality of the Ethiopians is kind of short-sighted and they are not really customer friendly. They also do more short-term investments and don't look at the long run. They also don't treat their business relations well, but it is changing bit by bit. Also for example they don't pay royalties to the breeders, this leads to the breeders not giving them to get seeds etc. So the ones who pay on time get the better material, and the Ethiopian farmers are left complaining that they don't get the right material. Now most of the Dutch companies are doing well, while the Ethiopian and Israeli ones are struggling. There is also one example of a Dutch entrepreneur who failed because of mismanagement. He actually started the same year as we did, only we chose to lease the greenhouse, while he wanted to finance it. But it took him 2 years to get the finance, in the meanwhile he was making a lot of costs during those 2 years, so eventually he couldn't survive, became bankrupt and had to leave.

Q. How is the cooperation?

You need to be everywhere and need to follow all process closely, so often I'm in Ethiopia or for example now my brother is in Ethiopia. This way we improve the productivity. We expect a lot from our employers and partners as we invest a lot in them and pay them well.

We also offer our employers the possibility to grow in the company, some people started really low and are now supervisors, this way people are committed and see future in their job, and act more responsible.

Q. Could you tell us more about how you set-up your company?

We directly found a Ethiopian partner who we had a good click with from the beginning. From day 1 he grew with us in the business. We intentionally choose for an Ethiopian manager and not a Dutch one. We think this way management is closer to the work floor, and he knows the culture and the people better than us and knows how to react in a good manner to situations. This way we want to give the people the feeling that we as a company treat everybody equally and the same. The organization is flat, which means that the manager is easily approachable. We also have an accountant and a human resource manager, who are both Ethiopian. We don't have any expats. We use an open way of communication. We think that if you give people trust and responsibility, they will pay it back to you. We want to develop these people and by working for our company building experience they will eventually grow in the company and be of value for

us. We also use equal bonuses, because we work with various roses and some grow more and faster than others, so then tension could occur.

Q. Do you work with MPS certifications?

Yes we do, socially qualified certifications. We also use these guidelines as a tool to organize our processes in our company, and to grow to a certain level. We also need these certification for the auction, otherwise supermarkets won't buy our products.

Q. What is the difference with fair trade?

Actually I think with fair trade is less rules, but you need to give 10% to the locals.

Q. What about the transport?

Since SHER is doing it, much has improved. The Ethiopian airways have a monopoly position, but they don't know what they are doing, but since SHER took some responsibilities over much is improved. They improved the planning and the cooling, and have more knowledge on the market, so they know at what time the flowers should be in. For example before certain holidays there is a large demand for flowers.

We also travel to Liege in Belgium instead of Amsterdam, because it is much cheaper even when using trucks to transport the flowers from Liege to Aalsmeer. The auction is in Aalsmeer because is the famous place for auction of flowers, they have the international big respected name. It is like a brand.

Q. What is the future of your company?

We are thinking to expand, but to grow in the higher regions. Currently we are cultivating in areas 1700 meters, but we want to go to 2200 meters to improve the quality of our products.

Q. What are the main success factors?

Know your market and react to it and have a good company structure.

Interview 9 Jan Buurma, LEI

Interviewee	Ir. Jan Buurma
Function	Researcher 'Sociology of innovation'
Organization	LEI Den Haag
Interviewer	Berend-Jan Dobma, Nienke Busscher and Miguel Gonzalez
stakeholders discussed	<ul style="list-style-type: none"> • Local Government • Dutch Investors • Dutch Government
Factors discussed	<ul style="list-style-type: none"> • Government • Market • Transitions • Socio-technical transitions
Place	The Hague
More information/contacts	-

Description

Jan Buurma is working as a researcher with the sociology of innovation at LEI in The Hague. LEI is an abbreviation for Lanbouw Economisch Instituut or Agricultural Economic Institute.

He more or less looks at the different networks in the society that are focusing on the same subject. In the examples he gave it was about crop protection and the development of a greenhouse horticultural area in two different parts of Holland. All the groups want to work on the same subject and maybe want to achieve the same goal. However they use their own 'language' because the different interest groups are working in their own worlds.

It takes time and effort of the different groups to come closer to each other. However not only the effort which the different groups take to solve the problem is sufficient. The change or in this case the transition towards a more sustainable use of pesticides or the success of the development of a greenhouse horticulture area is dependent what happens in the flow of time and on 3 different levels.

Those 3 levels are:

Macro level: (Landscape developmental regime) High level, low influence.

Meso level: (sociological technical regime) institutions like governments, NGO's, other organizations

Micro level: (Technological niches): individuals, institutions (like grower associations), NGO's, entrepreneurs.

Most of the time things that are happening on the macro level are difficult to influence and are unpredictable in the time of occurrence.

On the micro level often entrepreneurs can be found that have a feeling for what is happening on the macro level. They can fulfill the needs due to the changes on that high level. They can do this by adjusting their production process, develop an new product etc. So from their niche or specialization they have to go up to the macro level in order to reach the society. In order to make a big change the timing and invention to enforce the transition needs to be right. Often entrepreneurs have a good ‘nose’ for developments in the macro level and are able to change the networks in the meso level, so they can reach the macro level.

In the meso level the governments and NGO’s are present. These institutions make the policy or identify the demands from the macro level or the micro level. So by their acts they can adjust and influence the rules, laws and policy to make it possible that changes can be made.

Agriport A7 vs. Bergerden

Agriport A7 1997-2007	Bergerden 1984-2006
<u>Private sector drivers</u> <ul style="list-style-type: none"> • Agro-logistics • Natural advantages <u>Public-private partnership</u> <ul style="list-style-type: none"> • Win-win solutions • Mutual interests <u>Grasping chances</u> <ul style="list-style-type: none"> • Landscape 1997-1999 • Regime 1998-2000 • Novelties 2005-2007 <u>Business expedition</u> <ul style="list-style-type: none"> • Step by step • Anticipate problems 	<u>Public sector drivers</u> <ul style="list-style-type: none"> • Energy innovation • Relocation policy <u>Compartmentalization</u> <ul style="list-style-type: none"> • STOL on sidelines • Fixations on conventions <u>Enforcing progress</u> <ul style="list-style-type: none"> • Landscape 1990 / 2005 • Regime 1994 / 2000 • Novelties 1984 / 1995 <u>Development project</u> <ul style="list-style-type: none"> • new and modern • collective facilities
<u>Continuous change</u> <ul style="list-style-type: none"> • Opportunities, exceptions • Updating conventions 	<u>Episodic change</u> <ul style="list-style-type: none"> • Planned, intentioned • Defensive routines

This table was used by Jan Buurma to explain his theories and examples. It is about two areas which are now developed as a concentration of greenhouse horticulture. However Agriport A7 is much more successful than the Bergerden project.

Agriport A7

On the Macro landscape level, there was a introduction of the General Food Law, which was developed after the crises with the mad cow disease and dioxins. This meant that for vegetable packing companies the internal logistics had to be changed in such a way, that the input was coming from the backdoor and the output was going out at the front door.

At the meso level there was the municipality that had big problems with dealing with their negative economic developments. It was looking for more opportunities to increase its economic growth by means of building a business center.

Vegetable packing and trading company Hiemstra was working on the micro level and needed to comply with the new general food law. Knowing that the municipality was open for new economic developments he bought a place to set up a new location. Together with Frank van Kleef, a tomato grower who wanted to expand, they set up a plan to not only start with the vegetable packing company, but also to put a new and large tomato greenhouse company. Because the area around Agriport A7 has a very suitable climate for greenhouses. Especially for the radiation and wind.

The two entrepreneurs designed the whole new spatial planning and provided this to the municipality and provincial government. An offer they could not refuse even more because the packer was anticipating the problems with the local communities, environmental organizations etc. Even before the politicians were interfering.

These developments were done, step by step and any new change, threat or opportunity was treated step by step. With the result that the available plots were sold out faster than expected, an own electrical power grid is developed and delivers electrical power to the villages around.

Bergerden

In Bergerden the development of a greenhouse horticulture area was initiated by a group called STOL in 1984. This group did this because of a report of the chamber of commerce stated that greenhouses should be concentrated and be newly build on a new location. STOL was representing all kinds of stake holders, ranging from growers, local governments, growers associations, auctions, banks and suppliers. The new location should be around Bergerden.

Then in 1990 the city of Nijmegen was suddenly planning to expand the city in the direction of an area where greenhouses were located. In order to make this expansion possible the province of Gelderland and two municipalities set up a new group, in order to investigate the possibilities of a concentration of greenhouses around Bergerden. Therefore they were doing a survey in order to investigate the willingness of growers to move to a new location. However this kind of survey was already done by STOL, but was ignored by the new group. STOL was put at the sideline and felt that public money was wasted.

Still the new group of the two municipalities and the provinces were continuing their plans and they developed a plan in order to set up a greenhouse area which could take 10-15 years. The municipality did not want to take the financial risks of the project that should provide collective facilities for water and energy, together with an attractive landscape.

In the meanwhile local farmers and people from the villages around became worried and expressed this by demonstrating and starting procedures against the execution of the plans that would arrange the development of a greenhouse park.

All the objections were put aside and the plan for a centralized energy supply was supported by grants of the national government. So whatever the results of the legal procedures, the plan continued.

By means of this collective water and energy supply it was thought that growers would move and even enter from other areas, because of the discount they could get on their energy and water supplies. In the end it turned out that the savings that growers would gain from the

collective energy and water supply were much lower than expected. So the enthusiasm of the growers was tempered a lot.

Despite the fact that committees consisting out of local people and environmental organizations were opposing and the influx of growers was stalled, still plans were made to expand the greenhouse park up to a 1,000 ha. Moreover a lot of growers were not planning to expand in the near future.

Most striking of all this above is that plans were really enforced and planned instead of offering what all the stakeholders wanted. No efforts were made to pay attention to all stakeholders involved. Both groups, growers and government were putting efforts in making the greenhouse park near Bergerden a success. However they were staying too much on their own island and not communicating. They were working in their own compartment.

Interview 10 Juliana Botero Porras, Colombian Embassy

November 30 , 2010. Start interview: 17:00

By: Miguel González, Berend Jan Dobma, Nienke Busscher

Interviewee	Juliana Botero Porras
Function	Head of Trade, Investment and Tourism Section
Organization	Embassy of Colombia in The Netherlands
Interviewer	Berend-Jan Dobma, Miguel Gonzalez, Nienke Busscher
stakeholders discussed	<ul style="list-style-type: none"> • Government • Development organization • Growers • Local farmers • Traders
Factors discussed	<ul style="list-style-type: none"> • Market • Labeling for selling the products • Education • Finance • Local people: organization, solving problems between different social communities
Place	Colombia Embassy, Den Haag
Other contacts	<ul style="list-style-type: none"> - Florverde label - NGO Valle en Paz
MAIN FACTOR	NGO and labeling

Description

Julia Botero is the Head trade, investment and tourism section in the Colombia embassy. Colombia is an important flower grower and because of the violence in the country sometimes has problems to sell its products. They are focused on the USA market but they are looking for the possibilities in Europe. For those reasons we consider that the Colombian embassy could be useful for us, they can tell us how they have improved their situation to be able to open new markets in a more sustainable demanding market. The interview was based on two main topics: projects done by an NGO to improve the agriculture in order to help in developing a valley near the city of Cali, and the regulations on the flower market.

Overview of the Horticulture/floriculture sector in Colombia.

Colombia is the second most important flower producer. Vegetables and fruits are for the internal market. The technical level is quite low. However because of the weather advanced technology greenhouses are not necessary. In flower greenhouses, the labour is cheap in Colombia, and an average of 9 people work per ha. There are 6 Dutch companies in Colombia but mainly breeding and seed companies.

LOCAL PEOPLE/ LOCAL CONDITIONS: Valle en Paz

Q: How everything started? What does the NGO give to the growers?

They had a lot of little farmers working in a valley which sells in very inconvenient prices to the traders. The NGO, decided to put them all together, to produce for the big supermarkets. They helped them to increase the technical level, developing irrigation systems and building greenhouses. For that they gave growers: **financial help, training, technical assistance** and coordination to be more competitive. They advised them what to grow in order to be more competitive in the market, with a market perspective and how to sell it.

Q: Was the owner of the land considered?

The people that participated in the project were also the owners of the used land. They just helped and trained them. However, in Colombia there are other problems with land. People are displaced because of the guerrilla. The project gave them an opportunity to improve.

Finance

Q: How does the NGO help the small growers to finance the project?

They lend money to the growers to build the installations that they have to, and arrange the technical assistance on how to do it. But they have to pay it back. They gave them enough time to be productive, so they don't have to pay as fast as a bank will require.

They did it because it is difficult to get a loan from the bank. But the banks keep changing their policy. For example now they give loans in function of a plant, and not on acreage.

Education

Q: How is the education organized?

As people have a really poor level of education, some of them don't know how to read. The education is organized really practical, and only the basics are taught. They bring technicians that have done a university degree in agronomics in Colombia.

Q: How does education contribute to social stability?

The education is organized in a way that teachers are from the other conflict group (black for indigenes for instance) and the local people start to accept better the people from the other group. They also organize courses to avoid violence in the family (preventing the father hitting his wife or children). The project is also helping because they say to the grower what to grow, so they don't have to grow coca or marihuana, and thus they can be disconnected from the drug industry and violence.

Market

The project is also thinking in strategies for selling abroad. For that they consider to produce food with added value like, banana chips. They try to adapt to fair trade strategies that focus more in manufactured products than in fresh products.

MARKET: Florverde label

Q: What are the pitfalls for Colombian flowers when competing with Africa?

The main problem is that they can't compete with the prices for African flowers. So when they open to the European market, they offer flowers that are more durable and with a **better quality**. Premium quality.

Q: What are the problems Colombia has to sell flowers and other products abroad? How did they solve that?

The main problem that Colombia has to sell products is its bad reputation. People think that the companies use child labour and not pay for social security. To solve that, the growing companies **created a label** that is Florverde which guarantees clients that the products have been grown in a socio economic an environmental sustainable way. That was more convenient than paying the expensive international labels.

The problem of a lack of label is also present in other sectors, because they produce a lot biologically, because producing their own pesticides is much cheaper. But labels are not certifying this.

Q: What is the role of the Government in improving the working conditions?

The government is guaranteeing, that when a person is hired, their health, pension social and risk should be included in the contract, and workers can go to court if that doesn't happen, thus the employees are aware of hiring people legally.

Education/local people

Q: What does create more development, the label or the government?

The label goes much further than the law. In the label they guarantee the workers' rights, but they go further. Some of the requirements to have a Florverde label are:

- Train your workers by capacity building and train workers in technical, environmental and health topics.
- They should have programs to help society development issues, helping the workers and their families.
- They should have periodic health controls of the workers by doctors.

Literature/more information

- Florverde label: www.florverde.nl
- NGO vallenpaz: www.vallenpaz.org.co

Interview 11 Ard van der Maarel, Koppert

December 1, 2010. Start interview: 15:00

By: Miguel Gonzalez, Mohamed Gonbour and Nienke Busscher

Interviewee	Ard van der Maarel
Function	Area Manager Asia / Export Manager
Organization	Koppert
Interviewers	Miguel Gonzalez, Mohamed Gonbour and Nienke Busscher (also note-taker and reporter)
Factors discussed	<ul style="list-style-type: none"> • Invest time • Invest money • Focus plan • Committed investor • Local people • Culture • Language • Corporate Social Responsibility • Law • Training/knowledge
Place	Berkel en Rodenrijs
More information/contacts	-

Background: Koppert is an international market leader in the field of biological crop protection and natural pollination. Ard his role is partly based in the Netherlands as an intermediate between the daughter companies and the headquarters. He has also direct sales responsibility in Japan, Korea and until recently also China. His role is marketing and sales and corporate business with regard to communication between the subsidiaries and the headquarters, this entails finance, budgeting etc. Koppert has subsidiaries in 18 countries, the subsidiaries are all independent. Koppert does business in close to 70 countries. 58 countries where they have agents working under their own responsibility.

Q: How do you decide to have a subsidiary or a selling agent

Concentration of the business and market size, then we decide to have a local presence or an agent. In a subsidiary working capital is very high. Sometimes it is more economical to have an agent then setting up an own company. There is a potential for a subsidiary when the turnover is over 2 to 2,5 million. In some cases we set up a joint venture because of legal requirements in the country where we want to do business in. For example, the country does not allow us to export products because of vito-sanitary regulations. The decisions to set up the joint venture is depending on market size to decide if it is interesting to start up a business. Most important is **market size** to decide on setting up a subsidiary in a specific country.

Q: This local agent is a person from Koppert or do you contact local people?

Local people, because local people know the **culture** better and obviously **understand the language**. The downside is that it takes time to **trust** the guy, not that there is a distrust but there is always a healthy distance between Koppert and the agent the first years. We want dedicated people who invest time and are enthusiastic about the product.

Q: How do you find these people?

Trade shows, exhibitions, e.g. in Amsterdam there is a yearly exhibition Hortifare. These persons visit these events and make themselves known to us as a potential agent. Nowadays a lot of Indians come to us. Then you enter into some sort of communication through Skype for example. Sometimes they promise you the world to arrange licensing in that country and when they do this, they prove to be worthwhile. But often it is just a few emails you send and they lose interest.

Q: Do you know any failure stories when you start an own subsidiary in a country or start with working with an agent?

I think you should when you are committed as a company to enter a market, you should really be dedicated to **invest money and time** in it. You cannot expect with one or two visits that something will start. You really need a **focus plan for at least 3 or 5 years** in which you **set up yearly goals and set up what you want to achieve in this time period**. You should be actively looking for potential partners and not depending on people who are looking for you. Use your network. The downside of that is that you have to sell yourself as a company to somebody who was not thinking about selling your product anyway, so this may lead into a wrong motivation. Pitfall in the current internet phase is that you rely too much on internet communication than the person itself.

For Koppert you should put a lot of effort in finding the right distribution partners and this takes time. So clear goals, make enough time and money available to develop a market.

If not it will be a potential problem in terms of not having the right partner or even worse having a partner who is in conflict with you in a couple of years.

Q: Do you find problems for importing your biological product since this is new for a lot of countries?

Technically there are a lot of pitfalls in applying the product. It is a knowledge intensive product/concept. Pesticide is much more easy. This is only a bottle. They spray it and then the problem is solved. Biological control is a system of approach so by nature it is difficult to teach the users on this concept. It is a pro-active concept rather than a reactive concept in terms of chemicals.

Q: The concept of ecological farming is it growing?

You have three types of farming horticulture, 1) the old fashioned way, only chemicals 2) IPM (integrated pest management) in western Europe this is the standard. Then you have the organic way of producing (3). Organic is an expensive way of production concerning input and output. Output is much lower than the standard way of production. This is why economy of organic production is very difficult in terms of being profitable sustaining business. We depend on IPM, big part biological crop protection and a small part they use. We do have customers for only organic farming but a very small percentage.

90% of our customers are traditional growers, who use biological and to limited extend chemical. This amount of chemicals is still going down, 95% bio 5% chemicals this trend will continue. Different organic and traditional producers are getting smaller and smaller. Organic growers get difficulties to distinguish themselves in terms of food safety. There is little room for them. There will always be a market for them but output is still much lower than for the conventional growers. Also the carbon footprint is higher than for a traditional grower, so it is really difficult to defend organic production.

Q: How do you train people on biological control?

For the integrated approach training is important. It takes time, at least 3 to 5 years for a subsidiaries to be profitable. The initial costs are high.

We have trainers in the Netherlands, and in each countries there is training on the job. A team of Dutch consultants also visits other countries with local consultants to visit famers. Also the consultants from abroad come to visit Holland. In Koppert each consultant is assigned to a group of countries and are responsible for the sharing of information.

Q:How do you find persons from scratch with a lot of knowledge?

We are not looking for real entomologists because we have our own research centre. We really need people with green finger who can discuss with the farmer. So this makes it more easy to communicate. With hands on experience. Translate problems of grower to solutions. From junior to senior will take three years. We also want to have a commercial sense with the guy. This makes it difficult. Best training is on the job.

Q: What do you consider to be long term sustainable?

Not an evaluation point per se but more of an observation that this may happen. When there is a horticultural market in the first place we should be able to provide a good product . When there is a market there is a business for us. Sustainability of projects is an observation from my side where big greenhouse were built in China and after a year they turned into big restaurants. These examples happen more often in China.

Also turnkey concepts are an example of this. To hire the manager was too expensive so with the Japanese this concept did not work and the greenhouse collapsed. It is in the interest of the greenhouse builder to have a good management. Run by locals but not enough experience here. Than investor loses interest. We do want projects that run for a longer time than one year.

Q: What is then to your opinion necessary to change this and make it sustainable?

Very committed investor who is willing to invest at least 4 years in foreign management.

Q: Who can we contact for more information on turnkey concepts/ greenhouse builders?

Greenhouse builder van der Hoeve greenhouses, they initiate these turn-key concepts.

Q:What is your experience with development organizations?

We have contact with PUM. These are senior experts who are often retired in the horticultural sector. They are send to some assignments. They bring in expertise and convert it to the local situation. In the field they come to Koppert to be exclusive but this is only an informal relation and part of our network. On the research point of view we work with universities.

We do make use of local trainers since this is too expensive to be done by Koppert consultants. We only work with a small percentage of smaller farmers.

Q: What is your relation with Dutch farmers who go abroad?

They are also part of our network, Koppert has a well-known name. If people settle down they sometimes contact Koppert and a working relations comes out of it. But there is no clear policy for that. All coincidental nothing is planned on this. Koppert is well known on expertise. Good name.

Q: What is your opinion on how Koppert deals with Corporate Social Responsibility?

Our product is we make our customers able to work in a social responsible way (environmental way). By doing so we should be careful to care about the environment. We e.g. have policy for the emissions of the lease cars of the staff concerning emissions. But we are not yet a fully social responsible company. Still there should be things implemented to become so. It is inevitable to not take the plane we do use Skype but this will not reduce the number of flights.

Koppert is not involved in any development projects. Though part of the agenda. But it is not yet implemented as such. We are focusing more on growth at the moment.

Q: Do you have any problems with government when you start a business?

Yes, with regarding to importing natural enemies, the alien species laws. Not so much problems but sometimes it is lacking **laws**. When there are procedures you know how to work but sometimes when there are no legal rules it is harder. This is improving since recently more countries are working according to FAO guidelines.

Q: Is the lack of law a problem or is a strict law more problematic?

If you have a clear policy to not be able to export our product you know that either you start a production there or you don't go there.

A lack of law is more frustrating since this often goes together with e.g. bribe or bureaucracy. There is a change, more and more countries see how important it is to have laws for these kind of things since the chemicals are the alternative.

Q: So for a Dutch farmer it is something they should consider if they are able to import biological crop protection?

Yes.

Q: Do you consult these farmers?

Only when there are business opportunities.

Q: How do you deal with corruption

Impossible to deal with. Either legal or not.

Interview 12 Anne Elings, Wageningen UR

December 3, 2010. Start interview: 9.00

By: Joan de Visser

Interviewee	Anne Elings
Function	Researcher crop physiology and crop modeling
Organization	Plant Research International, glastuinbouw, WUR
Interviewer	Berend-Jan, Miquel and Joan
Stakeholders discussed	<ul style="list-style-type: none">• Growers• Employers• Government• suppliers
Factors discussed	<ul style="list-style-type: none">• suppliers/facilities; Difference between export oriented horticulture and for local market• Education; set up of projects• New factor : communication• New factor: commitment
Place	Wageningen

Description

Anne Elings is a researcher in the PRI with crop physiology and crop modeling in greenhouses are his expertise. Besides this he is involved in many projects of WUR Glastuinbouw abroad. These projects varied from improving greenhouses in a technical sense to educating local people. His role abroad he described like: get people moving.

Because he has many experience abroad, one thing what goes many times wrong is that greenhouse constructors apply their standard design to whatever kind climate resulting in a unsuited greenhouse for that climate. For this reason, constructors from the Netherlands are quite unpopular. Maybe this is too technical for our project, but building a greenhouse which is really suitable for the climate is a main success factor.

There is a strong distinction between small greenhouses ran by local farmers (producing for the local market) and the larger greenhouses for export oriented businesses. The greenhouses of the first group are designed and build with local knowledge and material. The other group only uses the imported greenhouses.

The small scale local farmers will never reach the level and acreage of the companies from abroad. They are simply lacking the money to achieve this.

- Malaysian local farmers lack the drive to innovate

To make horticulture more sustainable abroad, all the knowledge we have in the Netherlands should also be known by people abroad. The entrepreneurs operating in developing countries agree that there is more knowledge and education needed on all levels.

Especially local MSc and Phd people are needed to make the horticulture more sustainable. They would result in a more proper legalization and they see improvements and are able to implement them.

The level of education is already quite good in Kenya, but very poor in Ethiopia. In Kenya there are already agricultural universities, cooperating with universities abroad and all kind of training centers.

The large problems with transferring knowledge is that there is a large gap between the people from the practice and the academic world. Out of the western world, people find it hard to go out of their comfort zone and talk about problems or experiences encountered. This mind set is really limiting the discussion between those two groups and to make them learn from each other.

(Example: in Malaysia a new crop system was introduced by researchers and farmers should come to visit; the researchers only want to share their system when they have 2 years of experience with it)

This is the main thing what Anne is doing abroad: bringing people together.

- Building a knowledge system is not easy
- The main factor determining the commitment of the employees is their salary, not secondary circumstances etc.

Two additional factors are determined by Anne:

- Communication: This is important for all involved stakeholders. Keep talking and discussing with each other, no matter what you are doing.
- Commitment: This factor is also applicable for all the stakeholders. With commitment is meant that is really doing what you are supposed to do and what you are promised to do. Not only promises but really executing what you said.
Example; the Malaysian government promised funds, but it lasted for several years before they really started to do so.

Interview 13 Ruud van Lieshout, Flora Holland

December 6th, 2010 Start interview: 11:00

By Martijn Heddes, Miguel Gonzales and Mohamed Gonbour

Interviewee	Ruud van Lieshout
Function	Account manager
Organization	Flora Holland
Interviewer	Martijn Heddes, Miguel Gonzales and Mohamed Gonbour
Stakeholders discussed	<ul style="list-style-type: none">• Growers• Auction• Supermarkets• Government• suppliers
Factors discussed	<ul style="list-style-type: none">• market• export/import• transport/logistics• certifications
Place	Wageningen

Description

Account manager Flora Holland in Ethiopia, and is working for Floraholland for 2 years now. He has a working experience of 6 years, and is specialized in marketing. He also works together with Peter Bouma who is the area manager Flora Holland in Africa.

Role of the auction

The Auction is a cooperation for the growers in order to create a platform for the flower market that brings products and traders together and sets the price. So, the auction does not buy the flowers but cares about the clock keeps on running and the buyers are there. More buyers means better prices so more to grow. The auction is a cooperative so they want to bind growers to get better negotiation power towards the buyers. By this, growers prevent a high competition between growers, an overflow of flowers in the market and create a stable market and a more or less stable price. The auction also tries to arrange this in Africa for freight and freight conditions. They do this with growers and not with organizations because most organizations have other purposes. For example the Kenya flower council has the purpose to speak with one voice to the government. The auction is the voice for the market and the distribution etc.

For this service the auction gets paid by commission. The auction tries to get the best out of the market for the growers. Try to achieve a market place with a large enough demand so growers can sell their product.

Also trading by the auction gives a guarantee for the growers that they get paid. Something what is sometimes doubtful if you trade your flowers via a trader in Slovenia for example. This is, because of the auctions' law where is written that the auction has always access to the bank account of the trader and will get their money the same day. Because auctions have a long history in Holland this is in some way unique for this country. Therefore, it is not always profitable to start an auction abroad. But, every grower from every country is welcome as a member.

The auction has offices in every important horticultural cluster abroad and also employees from Holland try to assist the farmers to distribute their products from their farm to Holland. They also maintain the relation with the growers, explain how the auction works and how they can get a better position in the market. Furthermore, The employees of the auction visit the farms to inspect their way of production and if that could lead to a stable production and a good quality. This, to arrange a good and long term relationship. They select growers on the two basic rules to get good prices in the market. This is: consistency (more difficult with seasonal crops) and good quality according to the standards. The standards for quality were decided together with the buyers and is a standard for how the product looks like: A1 (good quality), A2 (minor things wrong) or B1 (not very good). If the quality is worse than this then the products will be destroyed. Consistency is checked for the farm by checking the entrepreneurs' history. Also they look to the way the owner is acting during meetings and furthermore the Auction is going to the companies to see how they work, produce and how the farm is organized. However, it is a relationship based on trust.

Moreover, growers were advised about the market, what kind of product the market demands and also the social aspects and qualifications which become favorable.

The Auction is doing on acquisition they are searching for growers to fill in the market and create more demand. But also growers come to the market and want to work together with them.

1/3 of the flowers coming to the auction from Africa are from Dutch growers, 1/3 from Indian people and the rest of British Kenyan people, Africans etc.

It's the easiest to work with Dutch people. Dutch people understand better how the market works and they are familiar with the auction system because most of the Dutch entrepreneurs had or have also a farm in Holland. Also it's easier because the way of communication, language and culture is the same. People need to know how the market works and you can get the best out of the market. Because most African people have never been to Europe it's hard for them to understand. Nevertheless, it is more difficult to communicate.

Asia: plants from China

Flowers from South America: Ecuador, Colombia and some from Chile. 15 to 20% of the produced flowers there go to Europe. But, mainly directly and not via Flora Holland.

What is the current situation of flora Holland?

Supply from Africa is still increasing. Last year first decrease in turnover (crisis). This year the expectation is to grow 6 percent again. Growers became confident again and started to invest and expend. So, more volume goes via flora Holland. It becomes more and more a trend, flowers were sold directly to the traders outside The Netherlands and also thus outside Flora Holland. Therefore, the growers try to force the Auction to also organize that by flora Holland because of their good payment agreements. So, the growers demand from the Auction to more and more focus internationally and on international buyers. That is the new opportunity for Flora Holland and it will take a couple of years to create this policy. Still, there is a lot of growth in Eastern Europe for flower selling. France Germany England and Holland are the biggest supplying markets for Flora Holland. Still the market is increasing. But in percentage, is most increasing in Eastern Europe because actually there was almost no flower market before.

Most flowers were sold by the florist. Only in England supermarkets have a greater market share. But in the rest of Europe only 10 percent is owned by the supermarkets. They have different customers looking for different products. With Florist people buy a present. In the supermarket people demand a quality, the product is for grab, has to be cheap and are for having nice flowers in your home, so need to have a proper vase life. Nowadays growers are very production oriented. This could be a result of the auction because the product is always sold so why put effort in quality. But, growers become more aware of different segments in the market and what position you can have in the market. Flora Holland tries to train growers in this and try to provide growers knowledge about the market. They try to communicate growers must not go for the whole market but specialize for one segment in the market. If growers get by this better results, they can expand more, which leads to an increase in turnover for the market, and because of the commission base also for the Auction. There is no knowledge provided for the local market because in Africa they are quite small.

In conclusion the auction provides a choice for the grower via auctioning and via direct market, also they give information about the market and about market orientation, how to do it and how to access the market. Also they do some additional service for example the platform to buy in and arrange freight in Ethiopia. They don't give advice about entrepreneurial skills also not in a social economic way. But the Auction recommends social certification.

Therefore, choosing for Flora Holland is always a long term decision.

There is a lot of Negative publicity about African flowers in the documentary but is only one perspective of the story. This is about Social things how growers threat their employers, payments, salaries and environment.

Lots of growers are MPS A or MPS socially qualified. Of course, people don't get paid very well according to our standards. Salaries are based on the salary market. Most companies pay above average. His own opinion was that this is the only way to start up an economy in a country. If the salary becomes too high, companies don't settle in the country anymore.

The labour market is very fragile in Africa. This is because the companies are only in a few areas so they all attract the same labour population. If one grower decides to pay the workers one birr more, then labors from other farms leave and go to that farm. With the result that they can't harvest their roses and the investment in the knowledge is lost. This is happening nowadays in Ethiopia.

Is the problem the amount of workers or that they don't want to educate people?

There is a plenty of workers but not with the good knowledge. So growers have to talk to each other and agree on an amount of labour cost and wages. Companies need to train people when they go there to achieve a stable work force.

Does this certifications lift up too?

Almost all Growers in Africa nowadays are certified FFP, Kenya flower council certified, MPS socially certified, fair trade or some other. If companies are certified they have to work by this standard.

Who monitors that?

MPS by themselves has their own office in Addis Ababa. Growers become more and more aware for the fact that they need to become more socially qualified because that is where the market asks for. Otherwise, supermarkets will not buy your product.

How does Flora Holland stand in this topic do they only import flowers with certificates?

A certification Is not obligatory for the auction, but it is something the market demands. Flora Holland trades what the market demands.

The example of a very social economic sustainable company is Sher with the Corporate social commitment policy and because they want to have control over the whole chain in Ethiopia.

To England most flowers go by direct market traders which wants to add value for their customer. Buyers asking for certificates and vase life. Flora Holland assisting them by for example they have now a project to show on the clock the vase life of the flowers. They want to show how long the flowers have been in transit and at which temperature. From that they can make a parameter related to vase life. The auction does that practically by putting loggers in the boxes which check the temperature every ten minutes.

Ammerlaan said I want to give a vase life guarantee if I know the process what is happening with my flowers after sending them and know that that is good. How does the Auction deal with keeping the distribution in the best conditions? How do they avoid discussion?

The Auction got cool chain management. When flowers come in the auction they come in a Cold store. Only processing is done outside the refrigerator but is done as fast as possible and after that they put them back in the cold store. Also, the auction thinks growers don't know if their product is good and what a good quality is in fact. So, growers need first to determine what is a good quality product before they can demand things from the other partners in the supply chain. The auction tries to meet their responsibilities.

Do you think a local market is essential for a sustainable company?

It is really important. In fact it is much easier because you don't have to bother about freight , export agreements, get your product sold somewhere else etc. But, it is not essential for a cluster. As long as there is a market and producing is profitable, companies will stay there and if not they will leave if it becomes more profitable in another country. You have to arrange that people want to buy your product and that they want to pay a specific price. However, this production chain must stay in development countries. This, because in the end this is a good way to develop a country and start up an economy and it creates a lot of employment. However, if it is profitable, companies will expand and new companies will start till the market is saturated and the price will drop. It is always a balance (Supply and demand).

Problems in Ethiopia

Ruud thinks a big problem in Ethiopia is that it is a foreign communism state so they want to do everything by themselves. The auction thinks it is better to let it be arranged by the market. This because if you give it to the public sector, they don't see the need of why for example there needs to be cold stores or why the flowers need to be packed properly because there is no interest for them. The private sector has this interest because the better they do, the more customers they get. However, the government has got no experience in a free market so they don't know how to do it. Now it depends on some initiatives who had got access by the government. Others they have no access. Ruud thinks that the Ethiopians definitely have got an entrepreneurial potential and that they see it. But, they do not get the space, that part is too complex. In Kenya they leave it to the market. Only the government is there for safety reasons.

Another problem in Ethiopia is that you have to spend a minimal amount of 10 cents per stem in the production country. This is to get hard currency into the country's cash flow. The profit per stem is in an average of 15-16 cents but some growers as the growers where Sher Ethiopia is located had an average of 11 cents. "Why it is fixed to 10 cents?" The Auction is thinking. It is better to monitor the average profit per region and adapt your amount to that. The problem is, nobody wants to have lots of money in Ethiopia. Because of the instability of the country, your money could be gone within a day because they start a war for example. Also suppliers prefer to get paid from Europe but that is impossible now.

Difference with the Greenery?

The difference with the greenery and Flora Holland was that the Greenery puts all input products in one basket and doesn't make a difference anymore in from which grower the product came. Therefore, there are no differences in quality and in growers anymore which gave power to the buyers to look also for someone else.

Interview 14 Maarten Moerman, Intergreen

December 9, 2010. Start interview: 08.45

By: Martijn Heddes and Berend-Jan Dobma

Interviewee	Maarten Moerman
Function	Technical director
Organization	<u>Intergreen</u> , Honselersdijk
Interviewers	Martijn Heddes and Berend-Jan Dobma
Topics discussed	<ul style="list-style-type: none">• Sales to retailers in England• Certification• Quality• Production chains• Logistics
Place	Honselersdijk

Description

Intergreen is a company which is part of the Dutch Flower Group, a holding of about 22-23 companies from the western part of Holland, which are all working autonomously. Intergreen provides the flowers for the higher segments in the market by doing business with supermarkets like Tesco, Sainsbury's, ASDA and Marks and Spencer. Another company provides flowers for the segment that represents the Aldi type of supermarkets. It are both different segments in the market. All different companies in the Dutch Flower Group have specialized on different plants or flowers and work on the different continents in the world. So within the Dutch Flower Group no other company is serving the British supermarkets of the higher segment except for Intergreen. Moreover, if some company takes over another company, the different segments of the market were divided again under the different partners in the Dutch Flower Group. This is one of the main goals of the holding. Also, buying goods and services together is cheaper and the different companies exchange knowledge and support each other financially.

Intergreen is an interesting company, because it sells directly to retailers in the United Kingdom. They know how to add value, by selling products with a high quality and making bouquets. Next to that Intergreen developed their own quality standards according to the demands of their clients. These were sometimes the basis for other certification systems. The fact that 5 years ago only 5 to 7% of the flowers were sold in British supermarkets and these sales are now increased to a level of 80% is another argument that this is an interesting

company. The opinion of Mr. Moerman is that this way of selling flowers will be the future for the rest of the European continent.

Market and quality system

Intergreen only provides supermarkets, no florists. The sales of flowers in England by supermarkets was 5 years ago around 5 to 7%. At this moment the sales rate is about 80%. 20 Years ago Marks and Spencer saw the potential in selling flowers. Other supermarkets like Tesco followed this example 18 years ago. Maarten thought he could supply these retailers because he sold quality. However first he had to define his quality. So some questions raised, like what is quality, what is corporate social responsibility or corporate social commitment?

To get an answer to this Intergreen started doing tests in order to monitor the flower during the export and retail process. Results of the monitoring showed in what way the product treated and in which conditions it arrived to the consumer. In this respect is Intergreen only focused on the events of the transport and the retail and not that much on production. Based on experience the people of Intergreen can see if a grower is capable of delivering quality according to their standards. The specialism of Intergreen is trading and not growing.

Based on the experiences from the simulation tests it was known how the product is performing under the different conditions and how long the consumer could keep the product. A quality system was developed. Therefore it was possible to develop a guarantee system, something that was asked by the supermarkets 10-12 years ago That means if the product was not good enough and the consumer comes back, you have to pay for the product plus give new flowers and pay for the administration costs. This guarantee means that Intergreen needs to have control over the whole chain and is in the end responsible for this process. Therefore, they have a quality boarding system specialized on the segment of the market.

For plants, there is not a guarantee system compared to the one for flowers. Therefore the British supermarkets and Intergreen have a code of practice which reads that the plants must be sold within 10 days. It is too early for a guarantee system in plants, because the sales rates of plants is too low. Hence the control over the whole chain becomes more difficult. The code of practice and hence keeping the quality of plants at a high level is due to the fact that a lot of things go wrong in the supermarkets themselves. In the supermarkets a lot of part-timers are employed, which means that within 24 hours about 5 people have contact with the product. They all have to threat the product in a proper way when the plant is displayed.(give fresh water put them in the light etc). By means of the code of practice the customer of the supermarket is always assured of a high quality product.

Flowers have an expiry date and have to be sold within two(rose), three (tulip), or five days(chrysanthemum) and have a vase life guarantee of 5days(tulip) or 10days(alstroemeria) or 14 days(chrysanthemum). This because the sales rates of flowers is much faster. Also the supply chain from Intergreen to the supermarket is within 24 hours.

Production

Production is not only in Africa. India has also become a large producer of flowers (the differences between them and Africa is that they came to Holland to visit the different partners and do research how they have to produce and what the market and the consumer wants.) China

is upcoming, but people are still afraid about the policy with labour over there. Every week Intergreen sells about 15 million stems. In wintertime about 60% of the flowers have their origin abroad and 50% in summertime. (abroad means Africa: Tanzania, Kenya, Ethiopia, South Africa, Asia: India, South America: Colombia(most of the flowers 2 million per week),Chili, Costa Rica, Ecuador Europe: Israel, Turkey, Spain, Netherlands, Belgium, England, Germany, France.)

Provocation of the certification systems and labels

The first negative publicity was not about the ethical aspects but more about the environment. The potting soil contained peat from an origin which was illegal. Since then Intergreen started to monitor how many peat their producers use per year. At that time there was actually no certificate for the environmental aspects. At the same moment the MPS organization started. However there was not a certification for flowers and plants on an international level. There was for vegetables and fruits, which is called Eurep-GAP and originated from supermarkets. Switzerland and England started at that time independently to deal with these problems.

Later on during mother's day in England, the journals reported about flowers which were poisoned and not good. The problem was that retailers and traders did not know the origin of their product and had no track and trace system. At that moment Intergreen was the only company which had a track and trace system. Supermarkets started to write their own handbooks for environment for plants and flowers which was quite confusing for the growers which did not have one standard. Therefore, there was a need for one label. But MPS is a Dutch label so it was not accepted by international supermarkets that fast. Therefore, Intergreen started to promote MPS, and tried to get every grower an MPS A label. Also, they tried to bring every supermarket in contact with MPS to improve MPS their standards, so everybody would accept this certification as a standard. This was the case, until supermarkets decided to use Eurep-GAP in the plant and flower cultivation 6 to 7 years ago. Intergreen tried to support the Eurep-GAP with this because they knew what the growers wanted and what the customers wanted. After that Mr. Moerman went to the MPS and asked them if they could integrate this Eurep-GAP standard in their program, nowadays known as MPS-GAP or Global-GAP.

Thereafter, Tesco, the number one in selling plants and flowers, wanted to replace Global-GAP in order to create their own quality label, to be able to distinguish themselves in the market. Tesco certified already all their fresh products with a certificate called nature's choice. They, did not implement that for plants and flowers yet. However now the supermarkets rewrite this protocol, gave it the new name nurture and want to implement this in the English market within 1 or 2 years from now. Because, they think this could become a new standard for England. Sainsbury wanted to distinguish themselves by implementing Max Havelaar Fair Trade in their assortment as much as possible support the labour in developmental countries and other poor countries(volume) and translate this to the consumer.

Ethical aspects

Together with Quality and Care for the environment, certifications with respect to the ethical aspects will be increasingly implemented nowadays. Holland has a very bad image in relation to this. Actually, the Dutch consumer still does not care much about the different certificates. There are too much of them which does not make it easier. But these certificates are used by the supermarkets to distinguish themselves.

Because of the potential of flowers and the increase in turnover, a standard on ethical aspects was demanded. This was implemented in Intergreen about 5 years ago. Intergreen does not only trust on certificates achieved by the growers, but has its own quality boarding system. This helps them to monitor the quality, environmental effects and the ethical aspects of the flower production. Intergreen works with Keep Performance Indicators (KPI), which makes it possible to make a report regularly on how a grower is performing. Next to that Intergreen has a customer complaints service.

Trends regarding trade, outlets and certificates

In Europe, more and more supermarkets become part of a shopping centre which are open 7 days a week. These shopping centers attract a lot of people. So, shopping centers get more and more supervision from the governments because they become kind of an example. Ministries of Agriculture increasingly request the supermarkets, to implement tracking and tracing with regards to the products they sell. Furthermore they should have low levels of residues of pesticides. This was already the case for fruits and vegetables, but in the future this will also account for flowers. Next to that supermarkets will sell flowers to offer a complete assortment and to attract customers. Hence to that certification is needed and will be increasingly implemented.

Mr. Moerman expects that this will happen on the European continent in the next 5 years, with respect to his experiences in the United Kingdom. In other words, more certification and more sales of cut flowers and plants through supermarkets.

Currency and economy

Trading became global so you are depending on the worlds' economy and differences in currencies. Doing business with supermarkets means that they demand a stable and continuous supply. This results that you have to do business with growers from different countries, with their own currency, and a production that is planned already 6 to 9 months ahead.

However the current problems with the economy cause instability in the currencies. Currencies are changing regularly. This causes problems in estimating the costs of production and the price of the product. A change in tenths of cents can already cause problems in making profit or not, or deliver the product for the contract price.

Another problem that rises are the plans of the British government, which consider a VAT increase of 2.5% and cuts on the governmental expenses. This causes a lot of uncertainties at the moment, which are difficult to deal with. In order to anticipate on these developments, Mr. Moerman advices to have the need to stay informed on all the news, economics etc.

Starting a company

If you start a company, you need to start small in order to have grip on the situation and that you are able to train your management well. Especially abroad. Your workers and management need to be able to grow with you, with the result that everybody supports the same company philosophy. In the end you work with many people, which makes you are depended on your management.

Interview 15 Jacques Wolbert, MPS

December 10, 2010. Start interview: 14:00

By: Martijn Heddes and Joan de Visser

Interviewee	Jaques Wolbert
Function	Director MPS-ECAS
Organization	MPS-ECAS
Interviewer	Martijn Heddes & Joan de Visser (notetaker)
Stakeholders discussed	<ul style="list-style-type: none">• Growers• Traders• Government• Bank
Factors discussed	<ul style="list-style-type: none">• Certification• Marketing• Business management
Place	Office Mr Wolbert, Horticultural business Centre, Honselersdijk

Description

Jaques Wolbert is the director of MPS-ECAS, the executing agency of the MPS certification. MPS is a foundation which is initiating certification of horticultural products and processes. Besides certification in horticulture they also provide certification for other branches like ISO9001, HCCP

Q: What are the different kind of MPS certificates? And where are they based on?

There are four different types of MPS certification for the production:

- MPS ABC: this certificate gives an indication of the effect of the grower on the environment. The input of a nursery is compared with the average inputs and based on this comparison a mark is given. The inputs has to be measured every four weeks by the grower.
- MPS-GAP (Good Agricultural Practice): This certificate is about the how the products are grown; growing substrate, crop protection, maintenance of the devices involved and

wastage. MPS-GAP is based on the global-GAP certificate, which is also used in the food production and processing.

- MPS-Socially Qualified: This certificate is about the relation between the employer and the employees and contains norms for the amount of hours employees are allowed to work, fair paying, CAO etc. This is based on norms dictated by the I.L.O. conventions of the U.N.
- MPS-Quality: MPS-Quality is a certificate dealing with the internal quality of both the products and the management. The company should continue be working on this by means of internal improvement cycles. The norms are based on the ISO 9001 standards.

In case you have all these for certificates, you get also the MPS-Florimark certificate which indicate that you are really producing according high standards.

The same certificate schedule is available for the trading.

Q: Why should a grower use Certification?

For selling to some parties as a grower, it is necessary that you have certain certificates (see interview Intergreen, Maarten Moerman). Therefore an elementary question growers should ask themselves is: To who am I going to sell my products? And what certificates do they demand?

As a grower you need also need to take the regulations of a government in account. In some countries they also demand certain certification. Bank will sometimes also ask for the certification as an indication of the level of professionally.

When selling to the auction, your MPS certificates are also shown near the clock.

Besides being obligatory in some cases, the MPS certificates also contain a lot of guidelines for improving the company management. By implementing for instance the MPS-Quality norms, the company is operating much more professional with the quality of its products and with improving the quality. The real entrepreneurs (focusing on their own processes) are not certifying themselves because it is needed for the trading, but they would already do it because they see the other advantages of being certified. This is beside the mentioned guidelines for the company management also the positive impact on your business image and the example function larger companies have.

Q: how is giving a certificate organized and what role are local people playing in this?

Normal order of giving a certificate to a company is that first the company is requesting a certificate by handing in the necessary forms and fulfilling the norms. Then the viewer/auditor of MPS-ECAS goes to the company and talks with both employees and management. So the experiences of the employers is really taken serious in that consideration. Furthermore is the company documentation related to the certificate researched by the viewer. Based on this information the auditor decides whether the company will get the certificate or that the company should first implement further improvements.

About half of the auditors are local people and half is from Holland. The local people are trained to perform their job by the people from Holland.

Abuses are regular observed during company views.

Q: What are the improvements you observed, achieved by the MPS certification system?

If companies are dealing longer with a certificate, their level is improving. Most striking is the improvements achieved on the positions of the employees. Examples of this are all kind of committees and small trade unions where the employees can organize things and give their opinion.

Other remarks:

- England has a high number of self-veneered rules.
- If you can't distinguish your company by your certificates, you have to look for something else.
- Government should be aware of the certificates already present on the market to avoid double work.

Interview 16 Gerard Hulisz, Rijk Zwaan

November 19, 2010. Start interview: 11.00

By Mohamed Gonbour and Joan de Visser

Interviewee	Gerard Hulisz
Function	Area manager Asia
Organization	Rijk Zwaan
Interviewer	Mohammed Gonbour and Joan de Visser
Stakeholders discussed	•
Factors discussed	•
Place	Rijk Zwaan headquarters, De Lier

Description

Gerard Hulisz is the area manager of Asia of the company Rijk Zwaan. RZ is a large breeding company with subsidiaries and breeding stations all over the world, focusing on the breeding of fruits and vegetables. This multinational aspect is only a development of the last 25 years.

Q. Can you explain a little more about the company and its abroad establishments?

RZ has 2 main breeding stations in the Netherlands and around 10 abroad. Beside breeding stations RZ has also subsidiaries for seed propagation, testing of new cultivars and selling points for their seeds all over the world. The employees of the subsidiaries and breeding stations are as much as possible local people. Only in the beginning a Dutch manager is appointed to set up the business. Local people create more continuous employment. Dutch people want to go home after a couple of years.

Q. What are the most important considerations of RZ when starting up a new subsidiary abroad?

The most important consideration is the climate; the optimal climate is choosing for the growing and seed propagation of the crops that need to be grown.

Another important issue is the cost of labour. Especially for the seed propagation relatively a lot of employees are needed so choosing a country with low labour cost is preferable.

Other points of attention are that the location should be close to an airstrip, the political climate should be stable and the level of education of the local people. RZ wants is really paying

attention to the amount of educated people in the field of plants science. This is needed to be able to scout educated people for the management positions in the new subsidiaries.

Q. What is the Afrisem and what is the aim of this project?

Afrisem is an initiative of both RZ and EastWestSeeds to establish a breeding program for the local African market. Therefor the initiated a project in Tanzania where they start to train local people for professional plant breeders for local crops. The aim of this project is that local people learn to breed for the local market to make a profitable company branch. The project is now running for three years and the first hybrid cultivars will be tested next season.

Q. Can you maybe tell us more about the way RZ is trying to influencing the whole production chain?

Based on nice traits observed during the breeding program, it would be nice to sell the seeds with additional value. This was done by implementing the trait a set of cultivars and bring them on the market under a brand name. The first crop in which this branding was used was the 'Salanova' concept in lettuce. So by breeding a set of cultivars which provide a year round the trait which is branded, RZ is adding value to its products. Another example of this is the 'Caribbean Gold' melons. By breeding cultivars which could provide supermarkets a year round with this orange fleshed melons, RZ is giving added value to this products. To achieve that this cultivars are sold with the added value, RZ should communicate this with supermarkets to make sure they will sell it under this brand name. Also the growers should be aware of the concept so they will sell their branded products to right trader.

Some additional comment:

- Introduction of a subsidiary has a large impact on local communities, especially due to the salaries the employees get of RZ.

Telephone Interview 1 Peter Barnhoorn, Sher

December 2, 2010. Start interview: 17.15 (by phone)

By: Joan de Visser

Interviewee	Peter Barnhoorn
Function	Director Sher
Organization/ Company	Sher
Interviewer	Joan de Visser
Topics discussed	<ul style="list-style-type: none">• Success factors of Sher• Problems when introducing a business abroad• Labour issues•
Place	Wageningen

Description

Peter Barnhoorn is the director of Sher. Sher is one of the world's largest rose growers and includes also all kind of horticulture related businesses. Sher was one of the first companies starting horticulture in Kenya. Based on this success, the direction of Sher was asked by the Ethiopian government to set up a comparable business in Ethiopia.

Because this was a short interview by phone, only five questions were discussed. Because everything said was very important, I will try to write out everything discussed.

Q. What were the key factors making the introduction of Sher in Kenya a success?

There was not really one specific trick or factor determining the success. It is a combination of several; the most important are:

- Flat organization in management; As a director, Peter Barnhoorn stays in direct contact with the location manager and throughout the whole organization, the organization is as flat as possible.
- Make sure that you are yourself present on the production locations. Alternating, either Peter or his father visit the production sites in Kenya.
- Be very committed and be constantly monitoring and when necessary pushing.
- Respect: not only your laborers, but also suppliers and government.

Q. What was the major problem that Sher encountered during the introduction of their business?

Bureaucracy; When importing you have to fill in for only a bag of fertilizer already 3 forms and everything takes a lot of time. Also the mentality and the culture.

Q: What about the employees? How many? Are special policies taken in account concerning selection of employees?

Only in Ethiopia they have already 8500 employees. The organization is very flat and for all functions, local people are scouted. Many promotion possibilities are offered within the company, so being good in your job will be rewarded! All employees are from a village next to the firm, so they are flexible in case they have to make more hours etc.

Q. What about social sustainability of the company; what will rest for the cluster if Sher will withdraw?

If Sher stops/quits in Africa, the accommodation will for sure be taken over by other growers because the greenhouses are too valuable. So the employees could continue working and the level of civilization achieved by the clustering will be continued.

Q: What tips would you give to another starting entrepreneur in Africa?

The following points are very important to realize on forehand:

- Try to start small and build up your company/greenhouse out of your cash flow. So you are not depended of investors and the bank.
- First determine what you want to reach; most people stay stuck to a too small acreage because they do not think enough about what they want to achieve.
- Realize what you are starting; the production site is 7000 km away and this will force you to visit this regular.

Telephone Interview 2 Arjan Nobel, van der Hoeven

December, 8, 2010

Start Interview: 16.00

Interviewee	Arjan Nobel
Function	Export Manager
Organization	Van der Hoeven
Interviewer	Miguel Gonzalez (note taker) and Nienke Busscher (reporter)
Stakeholders discussed	-
Factors discussed	<ul style="list-style-type: none">• Knowledge• Experience
Place	Wageningen

Q: Could you tell us some more about turn-key concepts? Is it correct that you arrange everything for investors from product until management?

We would be able to facilitate this but our preference is that we limit our projects up to practical completion of installation of the greenhouse. For crop management, job and staff training other companies are specialized in these service. We have no added value in this field, it is no preference but we can do it. Crops are not part of the contracts we make.

Q: So you operate more in the spheres of management operations?

Normally we do not do that, we install and build greenhouses. Growing is a different field, and we are no growers but we are contractors.

Q: We heard some stories that when you as a contractors draw back because the contract ends the whole cluster collapses, is this true?

Well, we don't have any experience that we would terminate the contract because a company runs out of money. Beforehand the company/ investor we do business with needs need to secure finance before we have any activities from our side. In our legal contract there is a clause in which it says that there has to be financial security from their side. The investor pays a down payment, only then we commence our obligations from our side. We are always sure of the commitment of the party.

Q: Who are your main customers?

Growers and investors are the main group of customers.

Q: What is your added value as a company?

Basically they can do it all themselves and hire all individual suppliers. Of course it would save them the margin we extract from third parties. Our company basically has three products, turn-key concepts is one of them. We are service providers for e.g. irrigation systems. We buy this from supplier and add our margin. So if investors would consider to do it all their selves, they safe our profit we add.

More criteria for considering turn-key concepts also depends on the location of the anticipated site. You can consider that the most horticultural greenhouses abroad are from Holland. This makes it harder to do it yourself on a proper way. Abroad they have less hardware and expertise than in the Netherlands. It is rather complex to start up a business. The closer to Holland the easier it is to communicate with the suppliers.

Knowledge and expertise is a consideration, when you are an experienced grower you know exactly what to expect and what to arrange.

When choosing a turn-key concept you limit your risk in the project. We cover all risk. Everything is designed and engineered by us according to local climate and local standards. We take all into account so when there is something wrong, the customers only have to call to me and we will fix/solve it.

When you do it yourself you have to deal with 10 suppliers. When you have a problem then it is hard to figure out who is really responsible. Nobody wants to be responsible so these are all considerations when choosing for a turn-key concept.

Q: What do you do as a company on Corporate Social Responsibility? Do growers want to include this in their strategy?

To be honest it is never an issues with any of our project. It is all about making money. If it is an issue that is not within the discussion with us as a supplier. It is then maybe in discussion with HRM, staff members, growers consultants, and growers. Not with us.

Q: How does the social economic development look like according to you?

What you see in greenhouse is more and more high tech installations. The labour price is key in cost price. That is why in large greenhouses they amount exactly how much a worker has achieved on one day. Everything is monitored nowadays, also more and more is standard automated. But since the supermarkets as main customers demand certain standards, also some things improve. When the supermarkets come to the greenhouse as a potential supplier they all project the impression of the company as the quality of the product. Western countries' hygiene is very strict. So it will translate to a company in a developing country. Concluding, there is a lot of pressure on workers.

Q: Do you do any training concerning maintenance?

That is a part we can service. When a new greenhouse is built and if it is required we facilitate training for engineers and service managers. Sometimes we also do this for some workers who have maintenance and or service responsibilities.

Q: Do you have any tips on how to train people?

We are not a training institute, we demand for the trainees to have a certain educational level. They do have to understand certain principles of Elektra or have certain level of education anyway to understand what we are talking about. It is not our field of business.

Q: How long do turn-key concepts generally take?

Depends on the greenhouse size. A turn-key concepts is always over a few hectares otherwise it is too small and too expensive. From 5 hectares onwards it takes between $\frac{3}{4}$ of a year minimum, to a year. This also depends on the preparation of the customers.

Q: Do you have any success factors for growers to become successful?

It comes down to people. You can build a high tech greenhouse but it is not like the only thing you have to do is push the bottom and tomatoes roll out. You have to have knowledge and an experienced grower. This can compensate some technical errors. The development in greenhouse horticulture is mainly done in Holland. What you see here in the Netherlands is that growers are at their maximum capacity. Abroad you will not need high investment because you will not maximize production anyway. The local growers are simply not that experienced. So than the investment are not over the top. Basically experience is important.

Suggestion for further information

GreenQ works closely with Wageningen UR. Wageningen has a good relationship with GreenQ. They supply crop management training. This may be interesting to interview on social level. Basically when we finish they step in to give grower support. GreenQ has extensive contact with the local people.

Appendix V list with additional contacts

Government

- Embassy of Ecuador, country with new greenhouse flower business
<http://www.embajadaecuador.nl/>

Consultancy

- Andre de Jager LEI IFDC
adejager@ifdc.org

Corporate social responsibility

- ILO (International Labor Organization) "declaration on fundamental principles and rights at work". http://www.ilo.org/empent/Whatwedo/Publications/lang--en/docName--WCMS_116339/index.htm.
- OECD (Organisation for Economic Development and Cooperation)"guidelines for multinational enterprises".
<http://www.oecd.org/dataoecd/56/36/1922428.pdf>

Certifying organizations +disease testing

- NAK or BKD

Growers

- Olij rozen contact Renee Farenhout (breeding tissue culture growing plants production etc.)
http://www.olijrozen.nl/nl/index_nl.html
- Hilverda Kooij planten production company in Kenya and Aalsmeer also traders and breeders in this Hilverda group
<http://www.hilverdakooij.nl/nl/nieuws/>

Trading/growing

- Francisco Bongers (initiator flower auction in Brazil, HoIAmBra settlement)
- Other people related to horticulture in Brazil:
 - Renato Opitz – e-mail: renatopitz@uol.com.br
 - Antonio Helio Junqueira
e-mail: helio@hortica.com.br
Web-site: WWW.hortica.com.br
 - Neno Silveira - nenosilveira@aim.com

- Antonio Bliska Junior
bliska@revistaplasticultura.com.br
bliskajr@feagri.unicamp.br (He is a teacher at de Unicamp University)
- Look also at the web-site www.revistaplasticultura.com.br and www.revistacampoenegocios.com.br

seed companies (very experienced)

- Syngenta seeds
www.syngenta.nl
- Enza zaden
www.enzazaden.com

development organisations

- Cordaid
- ICCO
- Agri pro-focus: partners Agromisa, PTC+, ILEIA
www.agri-profocuse.nl
- Waterid (Marcel van Dorst)
www.waterid.nl marcel@waterid.nl