

Building
capacity
Creating
networks
Advancing
knowledge

Market Matters Inc.
2008 Annual Report



**Market
Matters**
INC.



A Message from the CEO

Two thousand-eight marked the fifth year since MM Inc.'s official "birthday"—its incorporation as a 501(c)(3), not-for-profit organization in 2003. As I look back on the past five years, I am pleased to see that they have been marked by steady growth in the reach of our programs, allowing us to do more each year to fulfill our mission: to empower enterprises so that they, in turn, may transform the emerging markets in which they operate.

2008 has been no exception to this pattern of growth; in fact, it has been our most successful year yet. As you will see on the following pages, MM Inc.'s capacity-building programs reached more participants—and thus more small and medium-sized businesses—than ever before. The Seeds of Development Program, MM Inc.'s network creation initiative, involved thirty African-owned seed companies in its programs—programs that give participating companies the opportunity to trade or form business partnerships with other seed companies, to share information vital to the success of their businesses, and to learn from other, more established seed companies around the world about what it takes to build a strong and successful seed business. Also partnering with other organizations has influenced our outreach activities: through MM Inc.'s South Africa office, our relationship with the National Agricultural Marketing Council (South Africa) grew stronger in 2008

as we conducted our first joint capacity-building program (WARD workshop, see page 8), and drew up plans to develop more such initiatives.

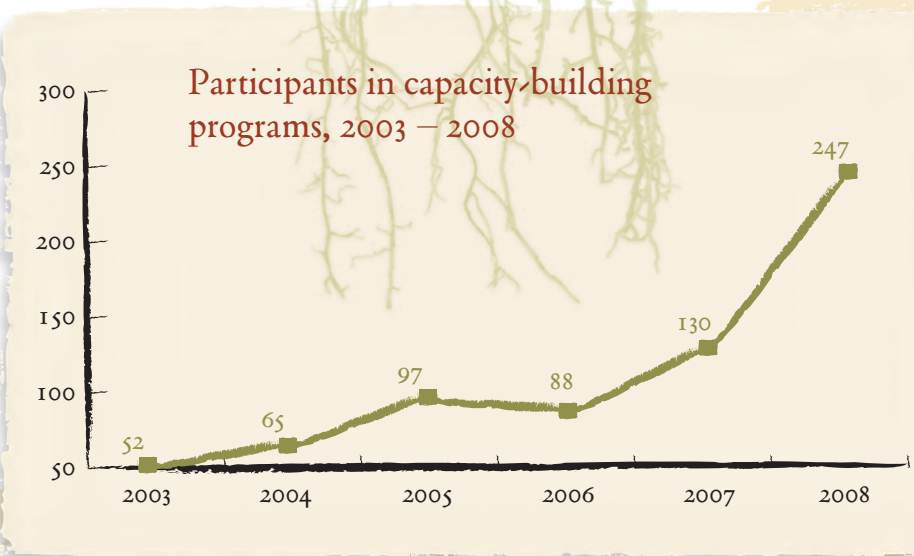
Throughout this report, you will see images of trees, with their roots reaching into the ground, their leaves delivering vital nutrients, their trunks providing support. The people we work with represent agribusinesses who know that the plants that form the basis of their livelihood require feeding, care, and nurturing. Businesses, too, need nurturing and care in the form of knowledge passed on in training programs and the shared information and opportunities made available through network building. Our goal is for our services to provide some of this much-needed "nutrition" for long-term growth and success. 2008 has certainly brought us closer to that goal, and we owe much of our success to our supporters, advisors, and contributors. 2009 will no doubt be a challenging year amidst the unprecedented economic uncertainties that surround us; nevertheless, we will remain committed to our mission and goal to serve more entrepreneurs in emerging markets, and by doing so, to continue to build on the growth and success of our first five years.

Ralph Christy
CEO, Market Matters Inc.

capacity building

Making an impact ... one business at a time.

Capacity building has always been the cornerstone of MM Inc.'s activities. Over the years, our capacity-building activities have increased steadily and have reached hundreds of businesses and individual entrepreneurs. When MM Inc. was formally incorporated in 2003, the capacity-building program featured one main activity—the Making Markets Matter (MMM) workshop. While the MMM workshop continues to be the hallmark training event each year, over the years, and especially in 2008, we have added several new activities to the organization's training portfolio. The numbers tell the story: in 2003, MM Inc. trained 52 participants in one training event; in 2008, we trained 247 participants in seven different capacity-building events.



Making Markets Matter 2008

“The workshop was advanced and intensive. Interaction was key. Clearly different from all the workshops I’ve attended. You come out well informed and with the urgency to apply the principles in your own company.”

—MMM8 Participant



Small group discussions are a vital tool for learning.



Guest speaker, Han Kim (Cisco Systems, Inc.), with participants.

As evidenced by the positive feedback received during the end-of-workshop evaluation exercise, the 2008 Making Markets Matter workshop motivated and inspired participating entrepreneurs. The five-day intensive training program hosted 51 participants from 11 African countries in Somerset West, South Africa, on May 11–16, 2008. The group of experienced and engaging Facilitators and Guest Speakers came from Botswana, South Africa, Uganda, the UK, and the USA, and represented organizations such as Cisco Systems, Inc., the Department for International Development (DFID), the Food and Agriculture Organization of the United Kingdom and United Nations, and the University of Botswana. The content featured sessions

MMM8



Seed industry participant, Maimouna Coulibaly, of Mali.

on marketing, finance, and strategic planning, all annual staples. In addition, the program included new sessions on human resource management and business negotiation.

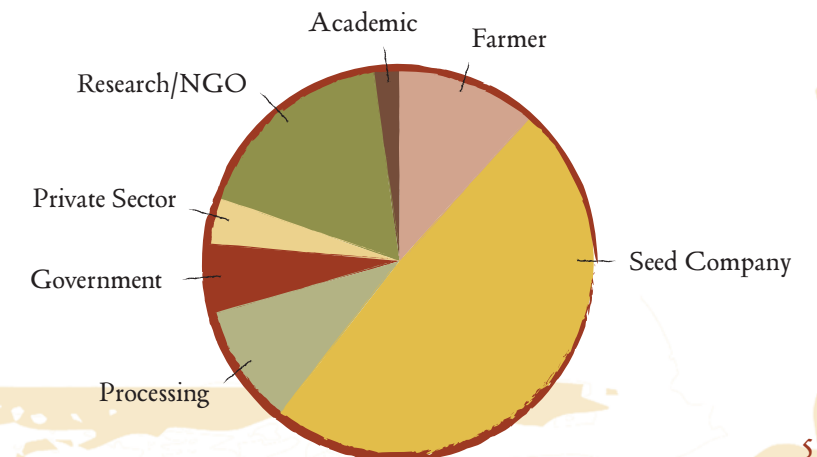
The workshop featured two parallel sessions, one designed for seed companies, the other for the general agribusiness community. The parallel programs allowed participants to attend sessions more focused on their industry, while still having the opportunity to interact with the entire group during the joint sessions, mealtimes, and evening programs. The two groups were introduced to two different case studies: seed sector participants read the case study of Freshco, a Kenyan seed company, while agribusiness sector participants looked at the case of Traders Unlimited, a Botswana-based milling company.

The workshop featured several evening programs, one of which included Guest Speaker Simon Rutega, a founder of the Ugandan Stock Exchange. The highlight of the week, the Closing Banquet, featured Keynote Speaker Shepherd Shonhiwa, a highly successful business manager and author of several books on business management and leadership in the African context. The Closing Banquet also included the presentation of the first African Agribusiness Entrepreneur of the Year award, an annual prize that recognizes a new outstanding agribusiness on the continent. The inaugural award went to Michael Kijjambu, owner of 1000 Cups Coffee House in Uganda, for his outstanding success as an innovative agribusiness entrepreneur (See page 6 for more on the award).



The MMM8 “graduating class” and facilitators at the closing banquet.

Business type/sector of MMM8 participants



Recognizing
Innovation and
Excellence
in Africa's
Agroindustry

Entrepreneur of the Year Award

1000 Cups Coffee House



Award recipient, Michael Kijjanbu (center) with workshop coordinators Prof. Ralph Christy (left) and Prof. Mohammad Karaan.

During the 2008 Making Markets Matter workshop Closing Banquet, Michael Kijjanbu, founder and owner of the Uganda-based 1000 Cups Coffee House, was honored as the first recipient of the new African Agribusiness Entrepreneur of the Year Award. The award was created by MM Inc. with a generous donation by Dr. Akin Adesina to celebrate the achievements of innovative African agribusiness entrepreneurs. Michael certainly fits that description! Featured in the American documentary *Africa: Open for Business*, Michael has been described as “somebody who is so articulate and so understands what he is doing with regard to his business... Here is this man in downtown Kampala—a little tiny café—he understands world markets as well as anyone, in fact, I think better than a lot of government officials who are charged with these things.” In addition to introducing locals and tourists alike to his coffee creations (flavors of which include vanilla, coconut and the more exotic lemongrass), Michael also organizes tours to the coffee plantations to show how the plant is grown and to meet those who grow it. The annual award will be presented to a new entrepreneur each year during the MMM workshop Closing Banquet.

Third Annual Technical Workshop

Building Capacity in Africa's Seed Industry

In March, Market Matters Inc. hosted the third annual technical workshop for seed companies in Pretoria, South Africa. Designed specifically for companies participating in the Seeds of Development Program (see pages 11 and 12 for more on this project) the goal of the three-day technical workshop was to encourage companies to learn about best practices in seed production and quality control; to gather information about the domestic seed industry in South Africa; to visit seed industry facilities in South Africa; and to discuss the key issues affecting the seed industry in Africa.

In addition to the invited seed companies, the total of thirty participants from nine African countries also included government officials, academia, and the broader scientific community. The program featured presentations on the South African (and, more broadly, the Southern African) seed sector, and speakers discussed the harmonization of seed policies in the region and other critical issues such as fake seeds and the prohibitive cost of membership in seed trade associations. The second and third days of the program were devoted to hands-on learning with field visits to Hygrotech experimental farm, Pioneer Seeds, and the Department of Agriculture, Division of Seed Evaluation.



SoDP members on a field visit in South Africa.

Training Rural Women Entrepreneurs

Since 2006, MM Inc. has been building a collaborative partnership with the National Agricultural Marketing Council in South Africa. In 2008, the two organizations held a successful joint workshop designed for the South African organization Women in Agriculture and Rural Development (WARD). WARD represents small-scale women-owned and mostly rural businesses in South Africa. The 2008 workshop was designed for the provincial coordinators of the organization, and, as such, three participants from each of the nine provinces were invited to participate. The program provided exposure to important business principles in marketing and financial planning, such as budgeting, bookkeeping, and preparing a balance sheet, along with numerous practical illustrations of business principles. Market Matters Inc. staff participated as Facilitators in addition to other local speakers. The event was sponsored by the Landbank of South Africa, and ended with a lively celebration attended by participants, facilitators, and invited special guests from the Ministry of Agriculture, including the Minister, Lulana Xingwana.



WARD workshop participant (left) receives certificate from South Africa's Minister of Agriculture, Lulana Xingwana.

Entrepreneurship Training in the Caribbean

In October 2008, MM Inc. expanded the geographic scope of its training programs to the Caribbean. At the request of the United Nations Food and Agriculture Organization, MM Inc. staff designed and facilitated two agro-enterprise development training workshops in the Caribbean Island nations of Grenada and St. Lucia. Altogether, the two workshops trained 45 participants in the basic principles of marketing and strategic planning, two essential tools for any new business.

In addition to working with the entrepreneurs, MM Inc. staff planned and facilitated a roundtable discussion for government officials from relevant ministries and agencies to identify ways to create an enabling environment through policies and regulations that nurtures a successful agroindustry in Grenada and St. Lucia. Countries that provide business training and foster an enabling environment at the same time are in the best position to create an agribusiness sector that will thrive in the long run.



Commercializing Africa's Magic Bean

The marama bean, a little-known vegetable, has the potential to improve nutrition, boost food security, foster rural development, and support sustainable land use.

In July MM Inc. staff lent their expertise to the workshop "Processing and Marketing of Marama Bean for Dairy Applications," held at the National Food Technology Research Centre in Kanye, Botswana. The workshop is part of a broader research project funded by the European Union that has been assessing the nutritional value and potential commercial uses of the marama bean, a plant indigenous to Southern Africa. MM Inc.'s role in the research consortium is to study and advise on the commercial viability of various marama products currently under development.

The two-day training program held in July was designed for technical, plant management, marketing, quality control, and research personnel interested in promoting private sector expansion of marama bean dairy applications for the local and export market. Food science research partners from the University of Botswana provided the technical expertise, while MM Inc. staff shared their research findings on potential marketing strategies for local and export markets.



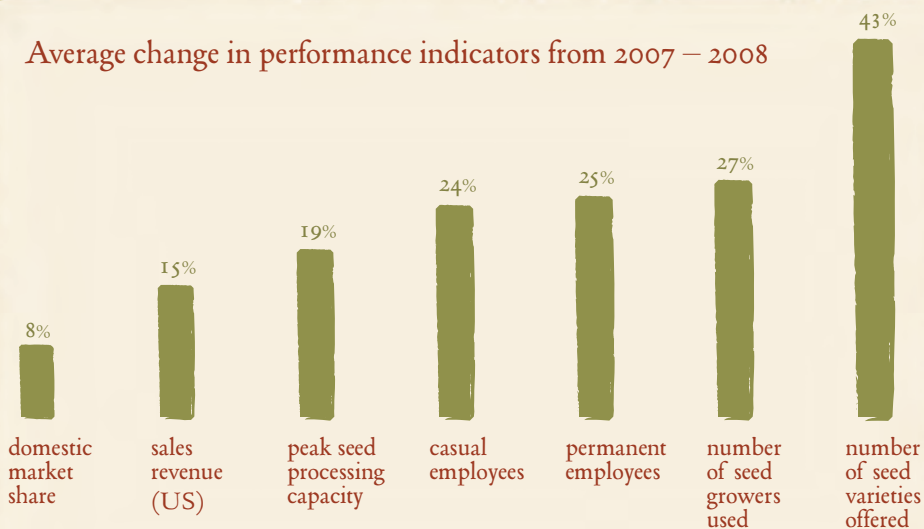
creating networks

Forging relationships... one business at a time.

MM Inc.'s network creation activities fall under the aegis of the Seeds of Development Program (SoDP). The program started in June 2003 with a mission to alleviate rural poverty through improved access to appropriate seed varieties and increased on-farm productivity. It targets indigenous seed companies that are working with smallholder farmers and other stakeholders in the seed industry. SoDP's main activities combine two programming objectives: business management training (mentioned above under Capacity Building) and network creation for small and medium-sized indigenous seed companies. In 2008, 30 small and medium-sized seed

companies and National Agricultural Research Organization (NAROs) in eight countries (Kenya, Malawi, Mali, Mozambique, Tanzania, Uganda, Zambia and Zimbabwe) participated in the program. The program has been supported by various stakeholders in academia and the seed industry in Africa and beyond.

Average change in performance indicators from 2007 – 2008



On average, companies participating in the SoDP have been successful and growing since their entry into the program. For more on the program, please visit: www.sopd.marketingmattersinc.org

The 2008 Seed Trading Forum

“The networking has led to an understanding of the regional seed market and sharing knowledge about product promotions and quality control and assurance.

Testing of varieties in other countries within the East African Community region is also a means of sharing diverse genetic material amongst farmers which will lead to a wider market reach of the products offered by SoDP companies.”

—Feedback from a SoDP company representative on the annual evaluation survey

The SoDP activity consistently rated most highly by participating companies is the Seed Trading Forum. The activity takes place each year after the harvest, when companies are looking for new buyers and partners for new business ventures. While the three-day event includes a capacity building component (this year's Forum included speakers from the Zambian Ministry of Agriculture, USAID, the

Overseas Development Group, and Monsanto), the main goal is to give seed companies the time and space to hammer out new business deals and develop collaborative business projects with other companies in the network. Over the years, we have witnessed many buy-and-sell transactions, as well as more significant initiatives such as joint business projects, even the formation of a joint company.



SoDP Fellows examine corn seed during a field trip.

advancing knowledge

*Research
that Makes
a Difference*

At the request of the United Nations Food and Agriculture Organization, MM Inc. prepared a plenary paper entitled “Enabling Environments for Competitive Agro-Industries” which was presented at the Global Agro-Industries Forum, New Delhi, India, 8–11 April 2008. In the fall of 2008, again at the request of FAO, MM Inc. began work on four African agribusiness case studies. The case studies focus on a Ugandan seed company, a Kenyan agroinput importer, a Botswana milling company, and a collaborative initiative on the potential commercial uses of the Morama nut, an indigenous plant in Southern Africa. Case studies are a widely used teaching tool in business education, but few of them feature African businesses. The new case studies, to be completed in the spring of 2009, will begin to fill this gap in the research literature. In addition to the studies conducted by MM Inc. staff, the organization has collaborated on several research projects on a variety of topics, including:

- foreign direct investment in the SADC region
- a market information service in Uganda
- trade policy reforms in the cereals sector of the SADC region
- improved maize seed adoption in Mozambique
- fortified cereal foods in Botswana

Award Winner

The paper entitled “Attribute Preferences and Willingness to Pay for Fortified Cereal Foods in Botswana” was presented at the annual conference of the Agricultural Economics Association of South Africa (AEASA) in Windhoek, Namibia, in September 2008, where it won the Best Paper award. It was jointly authored by Dr. Edward Mabaya (Cornell University/MM Inc.), Danie Jordaan (MM Inc.), and a research team from the University of Botswana.



SoDP Field Visits

*In 2008, SoDP
companies visited seed
companies in Belgium,
China, India, Italy,
Mexico, Sweden,
The Netherlands,
and Uganda.*

Another important—and, according to participating companies, highly beneficial—activity of the SoDP are the field visits, which allow SoDP companies to visit other successful seed companies that operate in a more advanced seed sector to learn about relevant aspects of seed production, marketing, and to explore business opportunities. Each year companies are invited to submit a proposal detailing their travel plans

and goals, and successful applicants receive an advance from SoDP to help defray the costs of travel. The field trips have brought new technology and new seed varieties to SoDP companies and to the African continent.

South Africa Office Update

Market Matters Inc. opened its South Africa office in 2006. The office is based on the premises of the National Agricultural Marketing Council, an organization that advises the South African government on agricultural policy issues. Over the past year, the relationship with the NAMC has grown into a strong collaborative partnership. Building on MM Inc.’s expertise in training and the NAMC’s community connections to recruit participants, in 2008 the two organizations joined forces to organize an

agribusiness training workshop for the South African group Women in Agriculture and Rural Development (WARD), mentioned above. Plans are under way to expand this successful program into a series of agribusiness training workshops for South African women entrepreneurs. In addition, MM Inc. and the NAMC have joined to design and implement introductory agribusiness training workshops in South Africa’s nine provinces.

Board of Directors



From left to right: Frank Pedraza; Mark Wenner; Krisztina Tihanyi (MM Inc. COO); Ralph Christy; Natasha Blackshear; Ken Robinson; and Robert Herdt.

Ralph D. Christy, Chair
 Professor
 Cornell University
 Ithaca, NY

Natasha Blackshear
 CEO
 Natasha L. Blackshear & Associates, PLC
 Nashville, TN

Robert Herdt
 Professor
 Cornell University
 Ithaca, NY

Francisco Pedraza
 International Management Consultant
 Chicago, IL

Kenneth Robinson
 Professor
 Clemson University
 Clemson, SC

Mark Wenner
 Economist
 Inter-American Development Bank
 Washington, DC

2008 Financial Report

Contributors

ORGANIZATIONS

- Anonymous
- Ad Hoc Foundation
- Alpha Phi Alpha Alumni Chpt
- Association of Extension Adminig
- Cornell University
- Fall Creek Management
- Monsanto Corp.
- San Francisco Foundation
- SeEVERS Family Foundation

INDIVIDUALS

- Anonymous (4)
- Adelaja, Soji
- Akridge, Jay & Michelle
- Allen, Ivye L

- Baharanyi, Ntam & Bernice
- Barrett, Christopher B. & Clara S.
- Bezuneh, Mesfin
- Blackshear, Natasha
- Bonnen, James T.
- Brown, Michael
- Christy, Anthony
- Christy, Caleb (Duane & Felicia)
- Christy, Clinda
- Christy, Larry H. and Joyce T.
- Christy, Paul A.
- Christy, Ralph
- Christy, Reginald
- Christy, Ruth & Shelly
- Dassie, Wylin
- Davis, Carlton

- Forker, Olan D. and Katie
- Glory Foods
- Gorman, Julia
- Guedry, L.J. & Ann V.
- Harris, Robert
- Herdt, Robert & Lorna
- Hinson, Roger
- Holdcroft, Lane
- Jacquemotte, Pierre
- Johnson, Willene
- Jones, Eugene
- Kennedy, Ronald
- Kerns, Samuel & Ian Anderson
- Kiiti, Ndunge C.
- Kraft, Leon
- Lerner, Scott & Caroline

- Mabaya, E. & K. Tihanyi
- McDowell, Donald D.
- McLeod, Poppy
- Mukunya, Alfred
- Pedraza, Francisco & Sarah
- Renusson, Gilles
- Roberson, Quinetta
- Robinson, Ken
- Stafford, Thomas
- Stalnaker, David & Eva
- Tomek, William
- Weisserstein, Josh
- Wenner, Mark
- West, Sherece Y.
- Williams, Ellis E.

REVENUES	2008	2007*
<i>Restricted</i>		
Net assets released from restrictions (Grants)	749,418	798,732
Consulting income	14,950	4,970
Workshop income	126,568	62,283
Total Restricted Revenues	890,936	865,985
<i>Unrestricted</i>		
In-kind contributions	43,705	31,705
Contributions	88,625	35,600
Monitoring and evaluation	10,000	5,000
Interest and dividend income	38,517	29,983
Total Unrestricted Revenues	180,847	102,288
TOTAL REVENUES	1,071,783	968,273
EXPENSES		
<i>Program Restricted</i>		
Workshops	285,357	158,987
Personnel—Salaries and benefits	168,228	292,105
SoDP attachments, field trips, and collaborations	34,305	28,869
Travel	81,532	68,238
Research	45,000	64,500
Monitoring and evaluation	10,000	5,000
Communication	8,789	6,477
Supplies	4,480	5,224
Equipment	6,448	11,777
Website development	5,091	10,059
Consulting (embedded in grants)	2,850	16,369
Printing	-0-	1,825
Total Program Restricted Expenses	652,080	669,430
<i>Program Unrestricted</i>		
Workshops	6,113	-0-
Consulting	3,760	-0-
Total Program Unrestricted Expenses	9,873	-0-
<i>Support Services</i>		
In-kind salary plus fringes (CEO)	31,705	31,705
In-kind rent	12,000	-0-
Rent	24,000	24,000
Professional fees	9,420	8,387
Payroll expenses	39,581	1,559
Meals and entertainment	2,983	3,093
Travel	4,698	2,688
Insurance	120	(31)
Miscellaneous	9,774	4,098
Total Support Services Expenses	134,281	75,499
TOTAL EXPENSES	796,234	744,929
Net Assets, End of Year	1,147,400	783,811

*restated

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Front cover photo: Workshop participants analyze an agribusiness case study.

This page: Exchanging ideas at the Making Markets Matter workshop.