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INCLUSIVE AND SUSTAINABLE AGRIBUSINESS AND TRADE

Value Chains for Inclusive Agribusiness, Trade and Rural Development // ITC Staff Training Workshop

Traveller:

Romy Sato

Date

22 January - 24 January 2018

Destination

Geneva, Switzerland

Purpose and expectations

The purpose of the travel was to give a presentation on donors' investments in inclusive agribusiness and to network with ITC staff and other participants to gather ideas for the Platform's work stream on inclusive agribusiness and trade

Mailing list

Bernhard Worm (BMZ), co-chairs and GIZ-G500

Persons met/participants

Anders Aeroe, Hernán Manson and Sabrina Herzog (ITC), David Deven (FAO), Bettina Prato (IFAD) Larry Attipoe (Indegen consulting firm), Anne Roulin (Agripreneurship Alliance), Gerald McDermott (University of South Carolina) and other participants

Key messages

The recognition that businesses particularly in the agri-food sector are playing a growing role in the development of rural areas and, consequently, in achieving the Sustainable Development Goals (SDGs) are leading many governments, international organisations and other groups to engage in partnerships with the private sector. Very often the objective of these partnerships is to ensure that their business models are designed not only to secure profits, but also the well-being of all those directly or indirectly involved in the value chain. Hence, the label of inclusive agribusiness, which is increasingly, applied to development projects and policy strategies across the world.

However, the notion of “doing no harm” in a system as complex as the agri-food sector is not so straightforward, though not completely unclear either. This is what the International Trade Centre (ITC) showed to their staff and other development practitioners in a recent training held in Geneva (22-24 January 2018). The training unpacked the complexity of food systems and engaged participants in exercises that showed how a certain inclusive agribusiness model may indeed be inclusive and sustainable in certain contexts, but not in others.

Research analyst at Duke University Ajmal Abdulsamad opened the discussion by explaining the different frames applied to “inclusiveness”. The term is often viewed either as the ability of farmers to participate in a particular market or as the outcome or benefits of participating (e.g. higher income and/or lower risk in comparison to other markets). However, there is no consensus about the most adequate frame. Additionally, an outlook into recent trends in the global food value chains show considerable challenges especially for small farmers to become better-off, including the overcome of power dependency on stronger actors, like retailers, middle-men etc.



Global value chains in the food sector have become increasingly technology- and capital-intensive. Income opportunities for low-skilled labor have considerably declined, and nearly 86 % of value-added is concentrated in pre- and post-farming segments (e.g. seed and agrochemical production, packaging etc.), which means farming itself, where most poor farmers operate, remains marginal in terms of value.

Ajmal suggested that donors have a key role in supporting the development of networks within the food system that provide the tools and knowledge for its participants to engage in a more inclusive – and power-balanced – business approach in the agricultural sector. For the specialist, “donors need to help embedding these networks in the system of global goods”.

According to Prof. Gerald McDermott, from the University of South Carolina, a key task in championing this new way of doing agribusiness is to identify the effective actors who can “keep the ball rolling” and fill knowledge and capacity gaps of small and medium size enterprises (SMEs), which are the main beneficiaries of inclusive agribusiness interventions.

Integration in global value chains offers remarkable opportunities for small and medium-size enterprises. It allows SMEs not only easier access to market, but notably to knowledge flows, technological and learning spillovers and capabilities improvements.

However, McDermott argues that global value chains and multinationals are good at telling local firms WHAT they need to do. But Not WHY and HOW. The latter is about getting access to a diversity of applied and experiential knowledge, often provided by "bridging actors" which are not the multinational companies or groups in the local networks, but rather at a regional or national level (like business or farmers associations).

“It’s not frontier research and knowledge that matters most, but experiential knowledge and local adaptation and learning. And donors and international organisations play a key role in constructing institutions to get the SMEs this knowledge and to reshape learning networks”, explained the professor.

Upcoming activities of the Donor Platform

During the training, colleagues from ITC, FAO and IFAD renewed their interest in the Platform’s inclusive agribusiness & trade work stream and in maintaining a learning dialogue around these issues. Different organisations have already been contacted and are lined up to give presentations in Platform webinars in 2018. They include topics like the new aid for trade strategy of Germany’s Ministry for Economic Cooperation and Development (BMZ), and FAO project in six countries that promote trade-related capacity development for food security and nutrition, and ITC’s Alliances for Action initiative, which promote competitiveness and income-risk diversification for smallholder farmers and SMEs.

A detailed calendar of webinars will be shared soon with members of the inclusive agribusiness & trade work stream and posted on the Platform’s website.