

**Pre-AGA event**  
**Investing in Inclusive Agribusiness**  
**Report from proceedings**

Tuesday, 19 January 2016	
Investing in Inclusive Agribusiness – Trends, Opportunities and Challenges	
<p><b>Key messages of the meeting</b></p>	<ul style="list-style-type: none"> <li>• There is a different array of initiatives, projects and partnerships that are about inclusive agribusiness (IA) and driven or supported by different players.</li> <li>• There is an understanding that inclusive agribusiness is definitely not “business as usual” and it goes beyond just linking small-scale farmers to markets; it’s about employment, it’s about giving a voice to marginalized groups in policy and investments that aim to deliver healthy, affordable and accessible food products.</li> <li>• However, there is a lack of a common vision amongst the different partners of what inclusive agribusiness should try to achieve – who will win, but also who will lose?</li> <li>• Some of the issues raised in the discussion included:               <ul style="list-style-type: none"> <li>○ The need for <b>donors to be flexible</b> to be able to react to good opportunities when they appear</li> <li>○ The need for <b>better management of all the knowledge</b> which is out there about initiatives that relate to inclusive agribusiness and what is working and what is not – meaning, we also need a good system to measure the inclusive part of the business</li> <li>○ The need for <b>policy coherence, coordination about inclusiveness principles and regulation</b> – and these are all issues where donors have a big role to play</li> <li>○ It’s <b>not just about donor funding, but also other kinds of funding</b> – donors are not alone in trying to solve the same problem</li> </ul> </li> </ul>
<p><b>Setting the scene:</b> Defining inclusive agribusiness and identifying emerging trends, issues and opportunities</p> <p><b>Jim Woodhill</b> <i>moderator</i></p>	<p><b>Inclusive agribusiness</b> can be defined as a profitable commercial agriculture or food sector venture that benefits poor producers and/or consumers and that pays attention to the triple bottom line of People, Planet and Profit. It goes beyond just linking small-scale farmers to markets but relates to diverse aspects such as capacity development, employment, infrastructure, governance policies, investments, risk management and their interlinkages. It intersects with other market system approaches (market system development, agricultural value chains) and aims at equitable growth which not only achieves economic growth but also social objectives.</p> <p>Among the <b>challenges</b> for inclusive agribusiness are difficulties to achieve impact at scale and to align public and private investment. A crucial question</p>

	<p>is how to get enough profit out of IA activities to create incentives for businesses. Evidence is needed to justify necessity and profitability of a venture. The Global Donor Platform could function as facilitator in this regard.</p> <p>The <b>audience commented</b> that the demand side should also be taken into account and raised the question of gains and losses in inclusive agribusiness.</p>
<p>Developments with NVA and Grow Africa/Grow Asia and implications for aligning public and private investments for achieving impact at scale (private sector perspective)</p> <p><b>Lisa Dreier</b></p>	<p>Lisa Dreier presented the World Economic Forum’s “<b>New Vision for Agriculture</b>”, an initiative which is catalyzing already existing partnerships in 19 countries across Asia, Africa and Latin America to promote agricultural growth through market-based approaches.</p> <p>The vision aims at simultaneously delivering <b>food security, environmental sustainability and economic opportunity</b>. Achieving those goals requires a transformation of the agriculture sector, leveraging market-based approaches through a coordinated effort by all stakeholders, including farmers, government, civil society and the private sector. The key success factors of agriculture-sector transformation at the national level include setting the right direction through <b>effective leadership, strategy and investment models</b>, supporting private-sector partnership and investment in <b>alignment with national goals</b> and scaling the transformation through <b>finance, infrastructure, institutions and monitoring</b>.</p> <p>Lisa Dreier expressed keen <b>interest in winning additional development partners</b> to disseminate the Vision more widely. The main challenge is the relatively <b>little practical experience</b> on which to build.</p> <p><u>Questions &amp; Answers:</u></p> <p>Did investments run in trouble with land rights?</p> <ul style="list-style-type: none"> <li>• While land rights are less of an issue with regard to Grow Africa, strong civil society criticism in terms of RAI principles and VGGT persists.</li> </ul> <p>Relation of public <i>versus</i> private sector investment</p> <ul style="list-style-type: none"> <li>• Varies by region and activity, often catalytic donor funding is necessary, time needed to make the vision fully business-driven.</li> </ul> <p>Local ownership: who drives initiatives: government or private sector?</p> <ul style="list-style-type: none"> <li>• In some countries the private sector is extremely active, in other places like India the state government functions as key driver.</li> </ul> <p>Building on present experiences?</p> <ul style="list-style-type: none"> <li>• Ideally national partnership platforms shall work as alignment networks built on already existing initiatives in order to scale existing experiences.</li> </ul>
<p>Market systems approaches and the BEAM exchange: latest trends in donor investment</p>	<p>BEAM Exchange is a <b>knowledge broker</b> for sharing knowledge, networking and improving the impact in the field of market system approaches on poverty reduction.</p> <p><b>Market System Approaches (MSA)</b> are a set of practices/principles that link</p>

<p>strategies to leverage private sector engagement (donor/public sector perspective);</p> <p><b>Mike Albu</b></p>	<p>poverty reduction and market systems. The concept grew out of an appreciation of the importance of markets for reducing poverty.</p> <p>MSA follow an <b>organic approach</b> that goes beyond individual actors and firms but describe systems that involve a variety of different stakeholders from public and private sectors, regulations, rules, infrastructure, and also take into account complex interactions and relationships, incentives, trust, informal rules and norms (gender, power and agency).</p> <p>MSA is the <b>latest trend in donor funding</b>, particularly DFID and SDC are very supportive of MSA and have shifted to development capital.</p> <p>Since private flows are still very small compared to ODA in LDCs, the question of how to leverage more private sector investments becomes crucial. There still is room for improvement in terms of new initiatives and evidence gathering.</p> <p>Since the Donor Platform and BEAM Exchange have <b>complementary visions</b>, Mike emphasized both groups might collaborate and create synergies in the field of MSAs.</p> <p>Mike also drew attention to a <b>BEAM conference</b> in May in Lusaka, Zambia (19-20 May 2016)</p> <p><u>Questions</u></p> <p>Concern about private flows in least developing countries: How are they calculated and are all private domestic investments taken into account?</p> <ul style="list-style-type: none"> <li>• It is not clear how private flows are calculated in detail but in the big picture private flows have overtaken public sector investments.</li> </ul>
<p>Risks and rewards: what lessons are we learning about how align public and private interests to scale inclusive agribusiness? (NGO perspective);</p> <p><b>David Bright</b></p>	<p>David Bright presented opportunities and challenges of aligning public and private interests to scale up IA.</p> <p>Since private-public partnerships (PPP) are driven by very <b>different dynamics and actors</b>, it is generally complicated to agree on where to invest and what you are trying to achieve.</p> <p>A recent Oxfam study identified a <b>lack of common understanding</b> and vision amongst the different partners of what inclusive agribusiness should try to achieve as main challenge for agribusiness endeavours. The larger the initiative the more difficult it gets to agree on a common vision</p> <p><b>Common obstacles</b> are land tenure issues, scales, capacity building and gender. Conducive <b>social factors</b> and the tackling of <b>structural barriers</b> are fundamental for the success of PPPs.</p> <p>Another challenge is the <b>lacking utilization of local knowledge</b> - an enormous volume of donor money rarely builds on local learning experiences and already established local knowledge. For PPPs to be successful and sustainable a locally-led sector transformation is paramount.</p>

	<p>Last but not least <b>accountability and transparency</b> mechanisms are frequently not in place and there is a real need for development initiatives to start <b>demonstrating impact</b> on food security and poverty reduction.</p>
<p>Opportunities for building a stronger inclusive agribusiness learning network</p> <p><b>Joost Guijt</b></p>	<p>Joost Guijt from Seas of Change elaborated on how to tackle the identified risks and challenges through improved donor coordination and harmonisation.</p> <p>There are plenty of IA initiatives and most donors have their research programmes on the topic as well. However there is lack of coherence between donors and lack of systemic learning.</p> <p>To foster IA, donors and partners should consider four requirements:</p> <ol style="list-style-type: none"> <li>1. <b>Structured learning</b> → when a certain innovation is understood and then adapted.</li> <li>2. <b>Structured innovation analysis</b> → with understanding of the business model and context, of the finance model, of what inclusiveness imply (sharing of resources, risks and rewards), of governance issues (who has a 'say' in what) etc.</li> <li>3. <b>Appealing communication</b> → showing that the IA model can be accessible, applicable and adaptable</li> <li>4. <b>Building capacity through research</b> → need to learn faster what works, for whom and when.</li> </ol> <p>There is opportunity to build a <b>learning alliance on IA</b>. For this, certain principles should also be followed: there should be clear objectives, shared responsibilities, outputs should be fed back into the system as inputs, learning mechanisms can be differentiated but linked, and there should be long-term, trust-based relationships.</p>
<p><b>Plenary Discussion</b></p>	<p><u>Why should we learn faster? Quantity of knowledge vs. deep knowledge</u></p> <ul style="list-style-type: none"> <li>• Because of the role of <b>power and politics</b> in food security. Business has to learn <b>fast AND deep</b>. Since few people are knowledgeable at present, more people need to be trained promptly and approaches implemented more effectively in order to avoid repeating mistakes of the past.</li> </ul> <p><u>Is inclusive agribusiness in the public interest?</u></p> <ul style="list-style-type: none"> <li>• Visions of what inclusive agribusiness should try to achieve might exist but are not disseminated publicly. Project proposals sometimes contain visions but it takes a long time to actually <b>adapt visions to reality</b>, to actually implement them.</li> </ul> <p><u>Critical review of initiatives based on facts is needed to achieve learning effects at scale. What are the critical determinants?</u></p> <ul style="list-style-type: none"> <li>• Stronger <b>monitoring mechanisms</b> are needed to learn about impact and results. Despite best intentions evaluation practice has to be sharpened.</li> <li>• A lot of literature on <b>evidence on MSA</b> has been collected; BEAM</li> </ul>

	<p>Exchange is currently in the process of preparing a narrative synthesis. Credible evidence on IA is hard to find and reasons for lacking success are difficult to tackle. It is necessary to encourage the private sector to finance agribusiness programmes.</p> <ul style="list-style-type: none"> <li>• <b>Context and bottom-up mechanisms</b> have been most successful to date and must be fully taken into account</li> <li>• Necessity to <b>restructure donor funding</b></li> </ul> <p><u>How to bring in SME/local inclusive business?</u></p> <ul style="list-style-type: none"> <li>• Whereas the idea of agribusiness was born by multinationals, <b>local initiatives are growing</b> strong in inclusive agribusiness. SMEs have a lot of local knowledge that can be useful. On the long run it is relevant to connect the <b>full spectrum of actors</b></li> </ul>
<p>Small groups discussion – aligning investment for impact at scale</p> <p><b>Jim Woodhill</b></p>	<p><b>Promising initiatives</b></p> <p>Jim Woodhill asked small groups to come up with key inclusive agribusiness initiatives that it would be valuable to share lessons from.</p> <p>The small groups mentioned projects that included <b>SMEs in regional value chains</b>, triggering private investment in the <b>mining sector</b>, utilizing <b>byproducts of cheese</b> industry that added value to both the business side and consumers who were granted better access to nutritious food, <b>smallholder sugar companies</b> and the <b>COMESA secretariat</b>.</p> <p><b>Key challenges</b></p> <p>The small groups were then encouraged to discuss key challenges for donors investing in inclusive agribusiness.</p> <p>Among the most important risks ranked <b>reputational risk</b> for donors and the potentially harmful <b>influence of business</b> and particularly multinationals (risk of monopoly). <b>Market saturation</b> and <b>small absorption capacity</b> were raised as additional risks.</p> <p>During the event it became clear that the term agribusiness is rather vague and people sometimes lack a <b>definite comprehension</b> of the concept. There is also a <b>gap between theory and practice</b> -lots of tools have been developed whose implementation yet proves to be difficult. This problem is sometimes reinforced by a <b>lack of perseverance and flexibility</b>.</p> <p>Another problem is the <b>lack of evidence</b> and even is research is being done and evidence found it is still difficult to <b>attract investors</b>.</p> <p>Also, donors often <b>overemphasize on finance constraints</b>/development capital whereas the relevance of the <b>informal sector</b> is being underestimated. In addition the <b>unpredictability of innovations</b> and difficulties in engaging the local private sector were highlighted as risks.</p>
<p>Plenary feedback and synthesis of key messages and ideas</p>	<p>In the summing-up exercise Jim Woodhill asked the attendants to share their respective <b>views on the future role of donors and the Global Donor Platform</b></p>

<p>for Donor Platform follow up</p> <p><b>Jim Woodhill</b></p>	<p><b>in agribusiness</b> in a human spectrogram.</p> <p>The <b>audience was divided</b> between those who regarded the role of the Platform as lying in the overall picture of IA, in providing public information and in addressing policy coherence issues and those who wished for a more proactive role of the Donor Platform. Whereas the former wanted the Platform to stick to its core principles of proving aid effectiveness and donor coordination while not going to deep into thematic details like BEAM Exchange and others, the latter suggested that the Donor Platform could offer more practical guidance, take more risks, identify objectives and contribute to evidence gathering by e.g. providing a kind of toolkit on best and worst practices or uploading information to the platform's website.</p> <p><u>Individual feedback</u></p> <p>The lack of systematic information is a problem and donors should clarify the term and content of the concept and better regulate and plan IA initiatives.</p> <p>Donors could take more risks in what they invest and also engage financial institutions of developing countries; they should also have better coordination around principles for IA.</p> <p>Donors' strategies on IA are unclear; donors need to be clear in their role of capitalizing change.</p> <p>It's not just about donor funding, but also about other kinds of funding; additionally it's not just about improving <u>our</u> understanding of the issues, but also those of governments in partner countries may also be misunderstanding issues. And then one should also ask: how do we get this diagnosis to work?</p> <p>Donors should not be investing on the marketing area of IA (this is already where private businesses invest) but in public goods (communications, knowledge sharing), this is where there's a gap.</p> <p>IA is not about instruments, but about sound market analysis which is why there should be more investment in research.</p> <p>There should be more flexibility in implementing initiatives in general and particularly on IA.</p> <p>It's important to mobilize more finance in the partner countries to foster IA.</p> <p>Challenge is how to do diagnose work in a highly dynamic and complex environment and context-specific initiatives.</p> <p>Invest in better understanding and more flexibility to adapt to emerging needs of particular system.</p> <p>Take perspective from developing countries.</p>
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