



Private sector driven RAS: Principles and evidence of engagement

An International Workshop on Investing in and Strengthening Agricultural Innovation Systems

May 30 to June 1, 2012 - The World Bank, Washington

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Why involve the private sector in RAS?

- Farming as a business
- Innovation needed for competitiveness
- Markets and private-sector drive innovation
- Interaction needed in value chains and agribusiness clusters
- PPP transition phase for emerging farmers (public sector role)





Where are we now?

- Business Development Service providers generally not available for smallholders
- Market-oriented services sporadically embedded in value chain services (input supply, etc.)
- Public services not business oriented, but production focused
- Education system with a food security, technical and production focus
- Emerging private service sector (partly crowded out by subsidized and public services)
- Limited enabling policies





Contextual issues

- Social targeting and inclusion policies and practice (differentiation; sustainability of inclusive service provision)
- Policies for transition phase (phasing in; phasing out), change, dynamism and innovation
- Local governance and coordination
- Public, private and not-for-profit sector roles
- Local entrepreneurs and environmental services
- Demand-orientation/accountability





Key focus areas

- Sustainability (outsourcing; fee-based/costsharing; direct interest and benefit)
- Agribusiness service demand development
- Enabling and coordination of service provision
- Mindset change (e.g. on PPP in services)
- Multi-stakeholder interaction in value chains, platforms and agribusiness clusters
- Enabling policies for private sector involvement





Examples

- Public sector change
- Private sector services
- Agribusiness centres
- Outgrowers' schemes
- Farmers (and organizations)
- Embedded services





Public sector change: NAADS



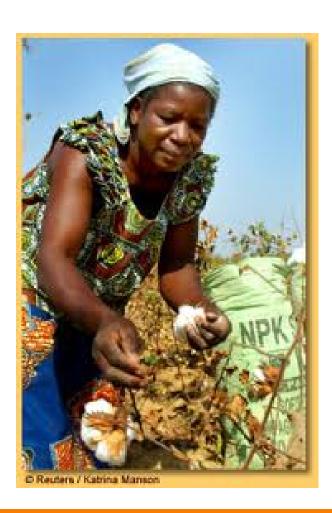








Private sector services: Export value chains









Agribusiness centres: InfoDEV

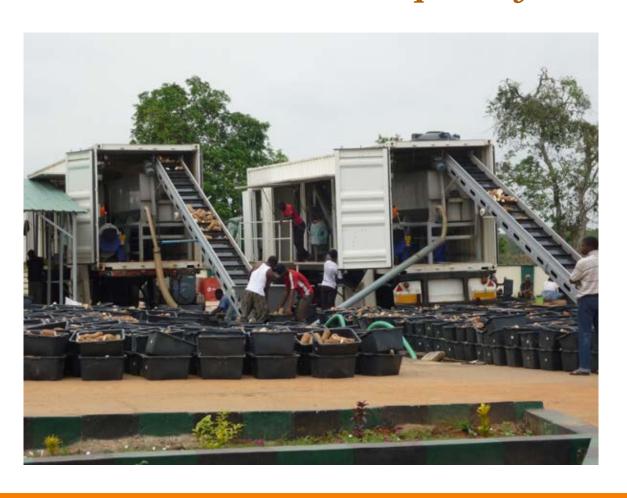








Outgrowers' schemes: From baby corn to cassava for beer or quality rice







Farmers (and organizations): FIPS-Kenya, IDE-Zambia, FFS/FLS/FBS







Embedded services: IFDC, seed companies











Policy and operational implications

- Differentiation in target groups and involvement of entrepreneurial farmers
- From public control to enabling of private sector service provision
- Public sector investment funds (grant and matching for enhancing private sector service provision)
- From different forms of business incubation, agribusiness clusters to PPP agribusiness centres and outgrowers' schemes





Investment opportunities

Rationale: Matching private sector investment in agribusiness services for emerging smallholders and SMEs, by:

- Creating awareness, mindset and demand for market-oriented services (public and private)
- Building agribusiness service provision capacity for different farmer and SME categories
- Actual implementation of business development services
- Development of dedicated agribusiness service organization