



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

Willem Heemskerk, KIT
Kristin Davis, GFRAS

Outline

- Why involve the private sector in RAS?
- Where are we now?
- What are the contextual issues?
- What requires focus?
- Examples
- What are policy and operational implications
- What are the investment opportunities?





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/cost-sharing; 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



© Reuters / Kabrina Mattson





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