

INTERNATIONAL WORKSHOP ON INVESTING IN AND STRENGTHENING AGRICULTURAL INNOVATION SYSTEMS



**PRIVATE SECTOR DRIVEN FUND FOR
AGRICULTURE INNOVATION IN PERU**
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1. Background & Context
1. FINCAGRO Model
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1. Challenges & Recommendations

1. BACKGROUND AND CONTEXT

1. Background

2. Context



1.1 BACKGROUND

❑ **INCAGRO, APL Program, three phases:**

1. Establishment of a NAIS (3 years & US\$9,1M),
2. Expansion, scaling up of the System (4y & US\$25M)
3. Consolidation of the System (5 years & US\$56M)

❑ **Successful but closed after second phase was completed.** Third phase aborted by governmental decision without exit strategy

❑ **Competitive funding success with social recognition**

INCAGRO: SOCIAL CAPITAL AFTER 10 YEARS

- 1800 organisations with expertise in R&D+i projects
- 610 successful projects around the country
- Model of Competitive Funding validated
- Integrated and effective web-based M&E system (best practices by WB)
- Databases provided a sound foundation for enriching and providing transparency
- Wide recognition by key stakeholders

1.2 CONTEXT

- Peruvian state: institutional weakness
- Peruvian economy growing (6% average annual growth rate in last 7 years)
- Dynamic agricultural sector
- Dynamic decentralization is changing the public decision system
- Strengthening of the innovation approach in civil society
- Changes in rural culture: strengthening entrepreneurial approach
- Peru, one of the 15 most megadiverse countries of the world

PERUVIAN AGRICULTURE 2001-2011

- Exports: US\$101 MM (2001) U\$1,120 MM (2011), 27% average annual growth rate
- Number of International destination markets doubled
- Considerable growth of fruits and vegetables exports
- Peruvian gastronomy value chains strenghtening: US\$ 40,000 MM (11,2% del GDP)

2. FINCAGRO MODEL

1. Features
2. Premises
3. Goals
4. Advances



2.1 FEATURES & STRENGTHS

FEATURES

- Competitive funding
- R&D and Extension Projects promotion
- Territorial and basin approach
- Regional networks & value chain promotion
 - Cofinancing projects

STRENGTHS

- Expertise
- M&E System
- Who is who in Peruvian AIS
- Good reputation in the community

2.2 PREMISES

- Private initiatives are key to promote AIS public policies
- Emergence of non-government players
- Agricultural scenario rapidly changing

In conclusion we need to:

- Empower businesses and farmers to enhance agricultural innovation policy
- Involve new actors in AIS approach

THE KEY: INTERACTION & COLLABORATION

Market-based linkage

- Extension services market
- Competitive funds
- New habits and practices

Knowledge-based linkage

- University-Farmer partnerships
- Transdisciplinary approach
- New governance practices
- Skills & practices improvement
- IPR management

2.3 FINCAGRO GOALS

1. Strengthen skills and tools built by INCAGRO
1. Develop further goals of phase 3
1. Take on new challenges

2.3.1 Strengthen skills built with INCAGRO

- INCAGRO Model widely recognized. Should be institutionalized
- Farmers, agribusinesses, and academic organisations willing to use INCAGRO model
- INCAGRO methods and tools for knowledge management are efficient, reliable and have provided important achievements
- The market of innovation services is strengthening

2.3.2 Develop further goals of phase 3

- Develop networks and innovation policy at regional level
- Promote new financial sources for AIS
- Consolidate methods and tools for knowledge management
- Integrate new actors and private initiatives
- Consolidate AIS approach
- Promote market-based and knowledge-based interaction simultaneously

2.3.3 Take on new challenges

- Support new private sector initiatives in agricultural innovation
- Involve new actors in financing projects
- Build University-business partnerships
- Promote venture capital and revolving funding
- Use ICT rural platforms to support agricultural innovation
- Provide outsourcing services to manage grants

2.4 FINCAGRO'S FIRST YEAR



Fundraising of
US\$1,5 million

2 sponsors



First projects
contest

20 proposals
received



1 region

7 projects
implemented

45 organizations
involved



Team

Business plan

Project
management
system

Established
relationships

3. CURRENT OPPORTUNITIES

NEW:

1. Financial sources

1. Actors

2. Linkages & partnerships



3.1 NEW FINANCIAL SOURCES

1. Regional and local government resources
2. Technical cooperation with AIS approach
3. Corporate Social Responsibility from mining and energy companies
4. Leading firms in value chains
5. New financial organisations

3.2 NEW ACTORS

- Regional level government
- Main input suppliers
- Leading firms in value chains
- Mining and energy companies
- Agricultural business associations

3.3 NEW LINKAGES AND PARTNERSHIPS

- University – Farmers/agribusinesses
- University – University
- Value chain partnership
- Regional Clusters
- Business association linkages
- Agriculture - Energy and Mining sectors

4. CHALLENGES & RECOMMENDATIONS

1. Challenges

2. Recommendations



4.1 CHALLENGES

- Expand to new regions
- Obtain new financial sources
- Involve new actors
- Develop new methods & tools
- Promote new interaction and collaboration methods between organisations
- Scale up to revolving fund and venture capital

4.2 RECOMMENDATIONS

- Due to weak governmental institutions, look for and involve non-gov' players
- Pay special attention to the diverse and changing agricultural contexts
- Develop new mechanisms to promote interaction & cooperation
- Promote market-based linkage and knowledge-based linkage simultaneously

THANK YOU SO MUCH!!



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