

CASA research recommendations digest for capital providers

CASA

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Summary

CASA's research contains around 50 recommendations for **capital providers**. The recommendations are grouped into seven thematic areas all linked to specific CASA reports and videos. To see the recommendations, click on the thematic headings on the tool bar above. Alternatively, all recommendations to donors can be downloaded in a single PDF.

CASA has [published over 30 demand-led research papers](#) since 2019. The research supports greener and more impactful investment policy that favours small-scale agricultural producers.

1 Increasing the pipeline of investment-ready agribusinesses

To increase the pipeline of investment-ready agribusinesses, capital providers should:

1.1 Develop their capacity and knowledge of how to effectively deploy inclusive technical assistance to ensure that investments reach their potential.

Read the report

[A Review of Inclusive Technical Assistance in Agriculture Deployed by Development Finance Institutions](#) [26 pages] An evaluation of the demand for and supply of inclusive technical assistance in agriculture by donors and other development finance partners.

Watch the video

[Improve the performance of agricultural investments through legal empowerment of farmers](#) [58 minutes] Convincing evidence from Africa and Asia on using legal empowerment as a route to fewer disruptions to supply chains and increased brand equity through enhanced reputation.

1.2 Along with donors, **develop a more sophisticated view of the market and a shared learning agenda** to deliver a diverse funding landscape of blended finance. This will result in greater efficiency and effectiveness than current approaches.

1.3 Together with donors, **become more transparent and collaborative, and committed to smarter subsidies**. Participation in new forums to support peer learning can facilitate co-investment mandates across institutional divides.

Read the report

[State of agri-SME sector – Bridging the finance gap](#) [67 pages] breaks down the market in a comprehensive and holistic way to show where finance is specifically flowing and recommends ways to address the current agri-SME finance gap.

Watch the video

[The state of the agri-SME sector – bridging the finance gap](#) [52 minutes] covers the current state of the sector and sets out four key priorities to address the existing finance gap.

Or read the [one-page summary of the video](#).

2 Enabling environment

To better understand the enabling environment, capital providers should:

2.1 Consider the broader business ecosystem, as much as the specific target business for their investment, to understand the real challenges facing enterprises and how to address them.

Read the report

[The underserved middle: Defining excluded enterprises in agricultural value chains](#)

[15 pages] clarifies the concepts of the 'missing middle' in terms of access to finance and the 'hidden middle' in terms of access to regulatory authorities. The report also identifies the key roles in the broader enabling environment that are essential for addressing the challenges facing agri-SMEs.

Watch the video

[Understanding the 'underserved middle'](#) [59 minutes] reflects on financing gaps and needs, with the discussion drawing on published data and market analysis to provide clarity to the investor community on opportunities for investing in SME agribusinesses sourcing from smallholder farmers.

Or read the [one-page summary of the video](#).

2.2 Be aware that deal sizes will remain small and limited in number due to the fragmented state of the sector; investors' expectations and financing instruments should be aligned accordingly.

2.3 Develop specific investment tools and approaches for agri-SMEs to increase their willingness to take on third-party debt or equity.

Read the report

[Bridging demand and supply of private investment capital for small and medium sized enterprises](#) [56 pages] clarifies the apparent division: there are not enough investable enterprises and yet there is a huge unfulfilled demand for finance.

3 Climate-smart agricultural technology and investment

To develop climate-smart agricultural technology and investment, capital providers should:

3.1 Be cognizant of the lack of consistent climate risk assessment approaches and the need to provide technical assistance to users at this early stage in the development of frameworks.

3.2 Work with enablers to identify investment-ready climate-smart agriculture technologies. Enablers are those organizations and individuals that play a supporting and enabling role in scaling climate-smart agricultural technology enterprises, creating links between innovators and investors, as well as providing knowledge products.

3.3 Respond to the demand for early stage and angel investing in climate-smart agriculture technologies, which would provide affordable finance and address the needs of smallholders and agribusinesses.

3.4 Be aware that many climate-smart technologies tend to remain in their early stages and have a limited capacity to absorb finance.

3.5 Seek investment opportunities through bundling complementary products and services, while also addressing demand-side constraints for farmers.

3.6 Explore agribusiness models that pivot from selling hardware to providing services to SMEs and small-scale farmers.

Read the report

[State of agri-SME sector – Bridging the finance gap](#) [67 pages] breaks down the market in a comprehensive and holistic way to show where finance is specifically flowing and recommends ways to address the current agri-SME finance gap.

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CASA has conducted research on the climate risk assessment guidance used by financial institutions and identified investment opportunities in emerging climate adaptation technologies.

Read the report

[Private finance investment opportunities in climate-smart agriculture technologies](#) [75 pages] and its [executive summary](#) [10 pages] provide an overview of the sector, focusing on the readiness of different technologies to absorb investment.

Watch the video

[CASA 4x4: Investors: Asian Agricultural Climate Finance Summit](#) [16 minutes]

Or read the [one-page summary](#) of the video.

Watch the video

[CASA 4x4: Jonny Casey: Investment in climate-smart agriculture](#) [16 minutes]

Or read the [one-page summary](#) of the video.

Watch the video

[CASA 4x4: Jonny Casey: Investment opportunities, risks and rewards in climate-smart agriculture](#) [16 minutes]

Or read the [one-page summary](#) of the video.

To develop climate-smart agricultural technology and investment capital providers should also:

3.7 Impact investors and investment support stakeholders should develop and promote better definitions and standardized impact measurement for both adaptation and nature-based solutions.

Read the report

[Mobilizing climate finance towards agricultural adaptation and nature-based solutions](#) [57 pages] stresses the need to develop a strong business case to help drive capital to adaptation and nature-based solutions. This may involve the use of subsidies. Improving the quality of impact measurements could also help better engage with impact investors.

4 Business support services

To promote business support services, capital providers should:

4.1 Factor in the costs of delivering services that can be more directly linked to improving the profitability of scaling enterprises.

4.2 Seek investment into agri-industrial parks that will integrate SMEs. Strong linkages to farmers and infrastructure should be complemented by measures to develop a skilled labour force.

As part of CASA's work to strengthen the pipeline of investable enterprises, identified as a key sector challenge, two studies were undertaken to look at specific elements of business support services.

Read the report

[Effectiveness of agribusiness incubation in emerging markets](#) [33 pages].

Successful incubators offer a wide range of services, including mentors, infrastructure and markets, and link to an ecosystem of early-stage investors who can take on a number of roles within incubatees.

Read the report

[Agro-industrial parks: Success factors, incentive mechanisms and donor roles](#) [81 pages] and its [executive summary](#) [6 pages] provide a comprehensive overview of the challenges and success factors for driving investment into agri-SMEs.

Read the report

[State of agri-SME sector – bridging the finance gap](#) [67 pages] breaks down the market in a comprehensive and holistic way to show where finance is specifically flowing and recommends ways to address the current agri-SME finance gap.

Watch the video

AGRF Deal Room 2020: [Effectiveness of agribusiness incubation in emerging markets..](#)

To promote business support services capital providers should: also

4.3 Acknowledge donor-funded technical assistance can play an important role in designing smallholder carbon projects, promoting transparency and consistency and long-term impact.

Read the report

[Carbon finance for smallholder farmers and agribusinesses: Analytical briefing on agroforestry solutions](#) [48 pages] examines the role carbon finance could play in the transition of smallholder agriculture to a more sustainable, productive and resilient future.

5 Impact assessment

Recognizing that donors pay for the majority of impact assessment work, capital providers should:

5.1 Work with donors to find cost-effective ways to improve the quality of the evidence base, which can form a persuasive body of evidence around specific development challenges.

5.2 Share any research they have not published.

Read the report

[The development impact of concessional finance to agri-business: A rapid evidence review](#) [55 pages] looks at the quality of analysis that impact investors produce to verify and validate the societal changes they claim to have generated from their investments.

Watch the video

[CASA Webinar 1: The investment response – The developmental impact of concessional finance needs a stronger evidence base](#) [54 minutes]

5.3 Invest in upfront analysis to manage the complexities of dealing with smallholders and allocate appropriate capital.

5.4 Integrate impact measures into management systems to strengthen the social investment narrative.

5.5 Apply consistent investment categorization and tracking in a way that allows for the aggregation of information to increase intelligence on the levels of investment going to smallholder-facing SMEs.

Read the report

[Sourcing from smallholders: Complex-challenge or commercial opportunity? Perspectives from investors and agribusinesses](#) [56 pages] examines how smallholders are viewed by investors, the funding flowing to smallholder-facing businesses and investor perspectives on these enterprises.

Watch the video

[5 routes to profitable sourcing from smallholder farmers: Investor perspectives on the deal](#) [59 minutes] covers the need for trust, how to structure a deal using blended finance to de-risk agri-SME investments and insights from the CASA.

Or read the **[one-page summary](#)** of the video.

5.6 Impact investors and investment support stakeholders should develop and promote better definitions and standardized impact measurement for both adaptation and nature-based solutions.

Read the report

[Mobilizing climate finance towards agricultural adaptation and nature-based solutions](#) [57 pages] stresses the need to develop a strong business case to help drive capital to adaptation and nature-based solutions. This may involve the use of subsidies. Improving the quality of impact measurements could also help better engage with impact investors.

6 Information and communication technologies

To support information and communication technologies, capital providers should:

- 6.1 Explore investments in both technology providers and the companies that use technology to maximize returns from the innovation.
- 6.2 Prioritize mobile services that address the latent demand from agribusinesses and the enterprise resource planning systems they utilize.
- 6.3 Prioritize products that can reach scale, or provide a service for which smallholders are willing to pay.

Read the report

[Information and communication technologies: For improving investment readiness of small and medium agribusinesses](#) [74 pages] and its [executive summary](#) [6 pages]. Digital solutions offer opportunities to overcome information access challenges when working with smallholders. Collecting data is now easy and lower in cost, allowing individual data to be collected from smallholder farmers directly. Understanding the factors behind the successful deployment of these technologies provides an opportunity to give investors clear markers when researching investments.

To support information and communication technologies capital providers should also:

- 6.4 Support digital agri-entrepreneurs to both develop ag-tech models and ensure that appropriately priced capital is available to test and scale what works.

Read the report

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7 Increasing resilience and inclusion

Recommendations for capital providers: Investment for food security agendas, private sector investors [capital providers] should:

7.1 Explore opportunities addressing the key sector challenges of low penetration of mobile technology and, particularly, limited e-commerce platform development.

7.2 Develop business models that can rapidly draw on locally available labour to build resilience into farming systems.

7.3 Build business streams that drive resilience building activities in SMEs, such as addressing the lack of post-harvest storage and the inability of some SMEs to source packaging materials (which has affected producers who were selling into specific higher value markets and led to high losses).

7.4 Explore opportunities to build medium-term food systems resilience to prevent future emergencies. Donors and national governments/government agencies offer blended finance and de-risking or other incentives that make the investments as appealing as the opportunities from high-value export crops.

Read the report

[Impact of Covid-19 on agribusinesses for investors](#) [63 pages] and its [executive summary](#) [8 pages] draw out immediate lessons from the pandemic and also future opportunities to improve business resilience in the face of systemic threats that reduce transport and access to markets.

Watch the video

[CASA Webinar 6: Rethinking agribusiness investments after Covid-19](#) [59 minutes]

Or read the [one-page summary](#) of the video.

Read the report

[Policy Brief: Private sector and food security](#) [19 pages]

Read the report

[Carbon finance for smallholder farmers and agribusinesses: Analytical briefing on agroforestry solutions](#) [48 pages]

examines the role carbon finance could play in the transition of smallholder agriculture to a more sustainable, productive and resilient future.



Commercial Agriculture for Smallholders and Agribusiness

CASA aims to drive global investment for inclusive climate-resilient agri-food systems that increase smallholder incomes. The programme makes the case for increased agribusiness investment by demonstrating the commercial and development potential of sourcing models involving empowered smallholder producers and by tackling the information and evidence gaps holding back investment.

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