

CASA research recommendations digest for donors

CASA

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Summary

CASA's research contains around 40 recommendations for donors. The recommendations are grouped into seven thematic areas, each with links 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, donors should:

1.1 Support training and capacity development among grantees to improve their ability to work with data and analytics **and to undertake rapid and cost-effective impact assessments.**

1.2 Advance the case for inclusive business support, ensuring the evidence base is strengthened through the use of consistent 'outcome level' economic indicators so that development institutions can compare across approaches and learn from different models. Inclusive business support seeks to involve more small-scale producers in supply chains.

1.3 Support training and capacity development among grantees to harmonize technical assistance taxonomies, differentiating core from inclusive business support. This will enable industry practitioners and development finance institutions to document, compare and evaluate approaches to inclusive technical assistance.

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.

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

To increase the pipeline of investment-ready agribusinesses, donors should also:

1.4 Incentivize upstream inclusive technical assistance to de-risk investments and create a pipeline of investible smallholder-sourcing enterprises for investors.

1.5 Continue promoting the development of impact measurement mechanisms and methodologies to build a more nuanced understanding of impact investment and how it can be implemented most effectively.

1.6 Provide subsidies to support investments with lower returns and longer repayment periods to help increase the pipeline of investment-ready agribusinesses.

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.

To increase the pipeline of investment-ready agribusinesses, donors should also:

1.7 Along with investors, **develop a more sophisticated view of the market and shared learning agenda** to deliver a more pluralistic funding landscape of blended finance. This will offer greater efficiency and effectiveness than current approaches.

1.8 Together with development and international finance institutions, multilateral banks and public development banks, **become more transparent and collaborative, and committed to smarter subsidies**. Participation in new fora to support peer learning can facilitate co-investment mandates across institutional divides.

1.9 International donors need to **develop long-term strategies utilizing short-term lending to establish where subsidies are needed** and where they can be progressively scaled back to support long-term market-making objectives.

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 help create a suitable enabling environment, donors should:

2.1 Recognize the nature of the underserved middle and develop support mechanisms to effectively facilitate the growth of these agri-SMEs.

2.2 Work with governments and others to focus policy and investment efforts on supporting and stimulating a conducive ecosystem of policies, regulations and infrastructure that enables private enterprises to thrive.

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](#).

To help create a suitable enabling environment, donors should:

2.3 Work collaboratively with impact investors to understand and engage them in the agriculture sector, offsetting some of the development and research costs associated with deal origination and due diligence, to bring them into the market.

2.4 Have clear strategies for starting (and exiting) grant funds that respond to the needs of the agri-SME sector and do not crowd out private capital or philanthropy.

2.5 Provide financial support for the development and implementation of rigorous, consistent methodologies to measure social impact.

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.

To help create a suitable enabling environment, donors should also:

2.6 Work with policymakers should support efforts to clarify legal frameworks for carbon finance and initiatives to improve smallholder security of land tenure such that both smallholder farmers and the private sector can benefit from the associated opportunities.

2.7 Consider investing in industry coordination to help agribusinesses to achieve the scale necessary to attract carbon finance into the sector.

3 Climate-smart agricultural technology and investment

To promote climate-smart agricultural technology and investment, donors should:

3.1 Develop investment strategies for climate-related interventions in agribusinesses to help create a viable pipeline of investable businesses at scale (in tandem with international finance institutions).

3.2 Integrate climate expertise into all channels of agri-SME finance to mobilize the required funds and infrastructure and effectively channel climate finance to smallholder farmers and agri-SMEs (in tandem with development finance institutions).

3.3 Drive the merging of both thinking and technical expertise through commercial banks, state banks, non-banking financial institutions, multilateral development banks and climate and impact-oriented funds to create a coherent framework of sources of finance that meet the needs of agri-SMEs as they attempt to scale (in tandem with development finance institutions).

3.4 Support a growing cadre of digital agri-entrepreneurs to develop models and ensure that appropriately priced capital is available to test and scale what works (in tandem with impact investors).

3.5 Work with governments to develop consistent definitions and approaches to classifications, or taxonomies, that are applied to specific agendas, such as agri-SME climate finance (in tandem with development finance institutions). This will help bring greater clarity to the analysis of the performance of investments.

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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[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.

To promote climate-smart agricultural technology and investment, donors should also:

3.6 Generate reliable systems that collect data in real time and work alongside legacy data to create tamper-proof information that informs decision-making processes.

3.7 Facilitate access to technical assistance for climate-smart agriculture companies to enable them to scale.

3.8 Invest in digital access to create fertile areas for climate-smart agricultural technology innovation and adoption. Leveraging digital technologies is important for increasing market efficiencies, lowering transaction costs and enabling many smart technologies to operate effectively.

3.9 Support activities to educate investors on the value propositions, business resilience, profitability, benefits and commercial opportunities of regenerative agriculture and nature-positive agriculture (such as biocontrol products and precision pesticide application technologies). Support should extend to the development of accessible, standardized monitoring, reporting and verification systems and technologies for both climate mitigation and adaptation interventions.

3.10 Work to increase investors' awareness and uptake of climate-smart technologies and commercial investment models relevant to smallholder contexts.

3.11 Support the formalization of data and benchmarks, thereby lowering the costs of establishing and running impact-focused commercial investment funds and standardized climate risk reporting protocols.

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 to absorb investment of different technologies.

Watch the video

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

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

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

To promote climate-smart agricultural technology and investment donors should:

3.12 Work with concessional and commercial investors to establish blended finance solutions that can fund upfront investments into smallholder agroforestry (and smallholder nature-based solutions more generally) to be repaid at a later date through carbon credits.

3.13 Ensure that the technical assistance they fund plays an important role in designing smallholder carbon projects, promoting transparency and consistency and long-term impact.

3.14 Consider investing in industry coordination to help agribusinesses to achieve the scale necessary to attract carbon finance into the sector.

3.15 Consider longer-term investments into innovative localized farmer support models that can capture and disseminate the local agroforestry knowledge essential to long-term project success, while reducing the long-term costs of farmer support.

3.16 Work with policymakers to support efforts to clarify legal frameworks for carbon finance and initiatives to improve smallholder security of land tenure, such that both smallholder farmers and the private sector can benefit from the associated opportunities.

3.17 Incentivize* the mainstreaming of climate change, gender and nutrition in programme design and, crucially, implementation; encourage programmes to set thematic objectives; and facilitate closer collaboration between technical and operational teams to support this.

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.

Read the report

Commercial agriculture portfolio review 2022 [100 pages] and its **executive summary** [4 pages] reviews the performance of programmes in FCDO's Commercial Agriculture Portfolio against 20 general indicators (related to overall reach, productivity, improved income, enterprises, and employment) and thematic indicators related to climate change, women's economic empowerment, and nutrition.

* The CAPR is specific to FCDO but these issues are applicable to many donors

4 Impact assessment

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

4.1 Make access to grant capital conditional on the use of existing measurement and reporting standards, and align research design with the information needs, research budgets and absorption capacities of stakeholders.

4.2 Facilitate greater coordination in the agricultural investment sector to achieve better identification of research priorities.

4.3 Introduce the OECD-DAC Nutrition Policy Marker to support the systematic measurement of nutrition in all commercial agriculture programmes.*

4.4 Address the quality and availability of data, in particular the use of global standard measurement approaches for key metrics (such as jobs created or emissions mitigated), to enable aggregation and comparison across programmes.*

* The CAPR is specific to FCDO but these issues are applicable to many donors

A key aspect underpinning the provision of concessional finance is the measurement of impact.

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]

Read the report

[Commercial Agriculture Portfolio Review 2022](#) [100 pages] and its **[executive summary](#)** [4 pages] reviews the performance of programmes in FCDO's Commercial Agriculture Portfolio against 20 general indicators (related to overall reach, productivity, improved income, enterprises, and employment) and thematic indicators related to climate change, women's economic empowerment, and nutrition.

5 Business support

To support business support services, donors should:

5.1 Take a long-term approach to enhance the sustainability of agro-industrial parks, working with both public and private sector actors and targeting technical assistance to help industries work toward agreed environmental, social and governance objectives to achieve economies of scale.

5.2 Increase awareness of the heavy reliance of agricultural incubators on donor and state institution funding.

5.3 Support incubators in both measuring their performance against standard business metrics and in increasing their engagement with women-led agribusinesses to address their specific needs for advisory support.

5.4 Invest more in innovative intermediation (e.g. acceleration and incubation models) in order to build the natural capacity of local support ecosystems.

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.

To support business support services, donors should:

5.5 Put in place financial and non-financial support targeting dynamic, family-run, livelihood-sustaining enterprises and niche ventures in all government-led and donor-led large-scale market and development initiatives, thereby helping them grow into market leaders.

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

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](#).

6 Information and communication technology

To support information and communication technologies, donors should:

6.1 Have adequate capacity, technical skills and knowledge of the complex and rapidly changing digital technology landscape to enable successful investment without interfering with opportunities for commercial capital providers.

6.2 Facilitate financial sustainability by ensuring ICT-based services are designed to respond to an existing market demand.

6.3 Provide growth capital to ICT-based value-added services conditional on having a clear focus on impact measurement.

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, donors should:

6.4 Together with impact investors, Support the cadre of digital agri-entrepreneurs to develop ag-tech models and ensure that appropriately priced capital is available to test and scale what works (in tandem with impact investors).

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 for addressing the current agri-SME finance gap.

Watch the video

[AGRF Deal Room 2020: ICTs for improving investment readiness of small & medium agribusinesses](#) [55 minutes]

7 Resilience and inclusion

Recommendations for donors: To encourage mobilization of private sector investment for food security agendas, **donors** should:

7.1 Support the digitization of agricultural value chains to provide a pathway to increased resilience and the financial inclusion of small-scale producers.

7.2 Encourage investment in digital communication and drone technology to help provide information to smallholders to augment traditional extension approaches.

7.3 Respond by funding the capacity development organizations to ensure they are not dependent on aid. However, in the event of major shocks, they will need funding for immediate priorities such as payroll and rent.

7.4 Redesign initiatives to catalyse private investment for acute food insecurity focusing on smallholder farmer support.

7.5 Focus efforts on catalysing private investment into local agricultural processing and value addition.

7.6 Leverage blended financing to mobilize local financial institutional lending to processing and value-addition SMEs.

7.7 Develop detailed guidance for programmes on best practices they can adopt to advance women's economic empowerment beyond sex disaggregated target setting and data collection. All ICF programmes in the Commercial Agriculture Portfolio should have gender action plans developed.

7.8 Incentivize the mainstreaming of climate change, gender, and nutrition in programme design and, crucially, implementation; encourage programmes to set thematic objectives; and facilitate closer collaboration between technical and operational teams to support this.

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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