

CASA research recommendations digest for governments and regulatory agencies

CASA

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Summary

CASA's research reports contain nearly 30 recommendations for **governments and regulatory agencies**, in lower- and middle-income countries. Governments in other locations may wish to review the [recommendations for donors](#). 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, governments and regulatory authorities should:

1.1 Cooperate in efforts to harmonize technical standards and taxonomies in the provision of inclusive technical assistance to facilitate comparison between different approaches over time, and between geographies.

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, governments and regulatory authorities should also:

1.2 Ensure that state extension services deliver technical assistance services to smallholders that are in agribusinesses supply chains.

1.3 Develop publicly funded agricultural investment vehicles with longer horizons than can be provided by the market.

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, governments and regulatory authorities should also:

1.4 Through their policies and investments, seek to intentionally support the growth of mature and profitable agri-SMEs to anchor markets for both agricultural commodities and agricultural finance, by acting as a significant buyer or supplier that will crowd in services for smaller SMEs.

1.5 Develop and maintain long-term strategies that create a stable and predictable policy environment at all levels, from local to national.

1.6 Recognize that commercial banks usually have an agri-specific division or focus as a result of government policies and incentives – increasing incentives should catalyse further investment.

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 an enabling environment, governments and regulatory authorities should:

2.1 Establish the systems and mechanisms so that SMEs can compete rather than concentrating political and economic connections in a small number of large enterprises, which tends to exclude more dynamic SMEs from accessing support.

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 an enabling environment, governments and regulatory authorities should also:

2.3 Be aware that consistent engagement at the political level is essential to drive the commitment to setting agricultural sector targets and to reduce perceptions of risk for investors.

2.4 Focus on the significant potential for local SMEs to become offtakers to small-scale farmers who are seeking to enter commercial production.

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 an enabling environment governments and regulatory authorities should also:

2.5 Policymakers and donors 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.

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.

3 Climate-smart agricultural technology and investment

To promote climate-smart agricultural technology and investment, governments and regulatory authorities should:

3.1 Reduce the costs for investors by creating of localized economic data that they can use for investment analysis and develop guidance on common approaches to collecting data to make investment risk assessment more effective.

3.2 Encourage the use of standardized time horizons for risk assessments to drive improvements in reporting, the quality of tools and the comparability of disclosures.

3.3 Shift the focus of guidance from just climate change mitigation to areas more relevant to agri-SMEs and primary producers, such as resilience and adaptation measures.

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](#).

CASA has conducted research on climate risk assessment guidance used by financial institutions and has 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 4×4: Investors: Asian Agricultural Climate Finance Summit](#) [16 minutes]

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

Watch the video

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

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

Watch the video

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

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

3.4 Policymakers and donors 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.

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.

3.5 Governments need to establish broader engagement with the private sector to development subsidies and regulations to support programmes of adaptation in agriculture and nature-based solutions in key value chains – such that the private sector internalizes these practices rather than seeing them as a public goods.

3.6 Governments and others need to articulate the short- to medium-term business case for, and create incentives for, national or regional commercial investors to invest in climate adaptation.

3.7 Governments and others need to produce an analysis of how climate-related disruptions in national food systems can negatively affect portfolios of investments in a country.

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 support business support services, governments and regulatory authorities should:

4.1 Be aware that agro-industrial parks need sustained high-level political leadership and effective coordination and delivery mechanisms embedded into broader development strategies. These need to be based on research and funded by long-term capital through a phased approach over time.

As part of CASA's work exploring the key challenges to strengthening the pipeline of investable enterprises, 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](#).

5 Impact assessment

Recognizing that donors pay for the majority of impact assessment work, governments and regulatory authorities should:

5.1 Recognize that national regulatory authorities are largely absent from this sector but should encourage capital providers and donors to implement consistent, common approaches, such as adherence to quality standards in research.

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]

6 Information and communication technologies

To support information and communication technologies, governments and regulatory authorities should:

6.1 Avoid allowing mobile-based agriculture-value-added services to become dependent on subsidies, as this will delay or derail them from reaching financial sustainability.

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.

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.

Watch the video

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

7 Increasing resilience and inclusion

To encourage mobilization of private sector investment for food security agendas, governments should deploy mechanisms to:

7.1 Recognize that, although during the Covid-19 pandemic they stepped up to subsidize lending rates, finding finance was difficult. This is in spite of the sector benefiting from broader liquidity measures compared to the banking sector, and also other support, such as delaying taxes.

7.2 Recognize that deliberate support from financing institutions, including various fiscal stimulus packages from government, would facilitate the survival of large numbers of SMEs during shocks such as the Covid-19 pandemic.

7.3 Ensure trade and agricultural policy frameworks and sector developments provide financing and incentives where pure commercial returns are unlikely [given the evidence of loss-making in many large-scale, smallholder sourcing models].

7.4 Ensure any increased concessional financing is used appropriately for maximum impact and additionality without being overly burdensome to implement for private investors.

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]



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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