KB Co-innovation and Learning Group

‘RISE’ : a network approach towards promoting farmer entrepreneurship in Africa

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This paper presents the backgrounds and activities of the KB project ‘Rural Innovation Systems and Entrepreneurship’ which is strongly articulated to the Agri-Profocus networking approach and agri-hubs in nine African countries. Five subjects relating to co-innovation and learning are developed.

The first section presents the APF networking approach for promoting farmer entrepreneurship, the APF innovation agenda, actors involved and theory of change. This is the institutional setting for developing and sharing innovations.

The second section shortly presents the RISE conceptual framework which inspires and orients innovation development activities. The framework suggests actors and suggests major strategic orientations (theory of change).

The third section introduces the agribusiness cluster development (ABCD) approach which is an operational translation of the RISE framework. Also for ABCD some information is given on actors involved and theory of change.

The fourth section shortly reflects on the catalytic role of knowledge institutes in innovation development, knowledge management and information sharing and its relation to the facilitative role of agri-hubs and the innovative (entrepreneurial) role of farmers’ organisations and other local entrepreneurs.

The fifth section reflects upon the necessity to innovate international agricultural development cooperation in order create the conditions for successful promotion of farmer entrepreneurship in Africa.

Like other cases in the Co-innovation and Learning group, the RISE case strongly bets on stakeholder collaboration, with specific roles for entrepreneurs, knowledge institutes and public sector institutions. This both relates to the Golden triangle discussions, Topsectoren and to the ‘Dutch way’ of inducing agricultural innovation processes.
1. APF networking approach for promoting farmer entrepreneurship

**Evolution of Agri-ProFocus network**

Agri-ProFocus (APF), founded in 2005, is a partnership of Dutch donor agencies, credit institutions, fair trade organisations, training and knowledge institutions, and private companies. The aim of Agri-ProFocus is to provide more and better support to producer organisations in developing farmer entrepreneurship. The partnership has grown to over 30 members from the original 19 and collaborates closely with the Directorate General for Development Cooperation (DGIS) of the Ministry of Foreign Affairs and the Ministry of Economic Affairs, Agriculture and Innovation (EL&I). The Agri-ProFocus partnership stands for new ventures, new dynamics and more synergetic development cooperation modalities, moving beyond the boundaries of individual organisations and traditional stand-alone projects. The leading value of the network is that support is based on the demand articulated by member-based farmers’ organizations. In that sense Agri-ProFocus is not another new development organisation, but a network organisation that seeks to be a coordination mechanism and learning platform for its members.

The evolution of APF has two major phases. During the first phase (2005-2008) member organisations pooled human and financial resources for the implementation of PO support programmes and for various learning events and follow-up activities. In total 18 trajectories were facilitated and over 20 expert meetings organised on a variety of issues and themes regarding POs and agricultural development. After this first phase, during which Agri-ProFocus established its distinctive way of working, the orientation shifted to country focus processes, starting from producer organisation (PO) demand and country ownership, while pro-actively developing a joint agenda among the membership. This was boosted by the global awareness emerged that agriculture has too often been overlooked as a catalyst for economic development and poverty reduction. The worldwide food crisis induced a global sense of urgency to take short- and long-term sustainable measures. In the Netherlands DGIS and (then) LNV presented a joint policy paper on “Agriculture, Rural Entrepreneurship and Food Security”, which evolved in an important DGIS-ELI food security initiative. In this context, the important role of producer organisations for inclusive market-led agricultural development was increasingly recognized. Another contextual factor is the strong call for more collaboration and less segregation among development cooperation actors (Paris declaration, Accra Agenda for Action, DGIS). Agri-ProFocus is responding to this by providing a network for joint action and learning.

It is within the above mentioned international and Dutch contexts that the Agri-ProFocus partnership repositioned its activities. The box below summarizes Agri-ProFocus’ main strategic choices for 2009-12 as compared to the previous phase.

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<td>Project based trajectories</td>
<td>Country driven programmatic approach; solid, transparent and action-oriented programmes at country level</td>
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<td>Knowledge and information exchange</td>
<td>Learning and innovation at member- and PO-level, focused on practical topics and thematic priorities of Agri-hubs</td>
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<td>Establishment of country network approach</td>
<td>Ownership of national agri-hubs, intensification of commitment of APF members and national affiliates</td>
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<td>Predominantly NGO, research network</td>
<td>Stronger private sector involvement and agribusiness orientation</td>
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Agri-ProFocus in a nutshell

**Vision**
Agricultural private sector development is a pre-requisite for food security and poverty reduction. Powerful POs are crucial actors in agricultural economic development processes. Cooperation among Agri-ProFocus members and multi-stakeholder collaboration at country and local level is essential for improving farmer entrepreneurship.

**Mission**
Effective cooperation and harmonization of activities of Agri-ProFocus members, boosting and innovating support for agricultural development. Promotion of effective and innovative agri-hubs in Africa focusing on joint action, learning and innovation, leading to the provision of coherent and demand-driven support services to producer organisations and their agribusiness partners, in the context of food security and poverty reduction agendas.

**Goal/purpose**
Effective uptake of innovations for improved farmer enterprise performance, with focus on the development of entrepreneurial capacities of farmers and their organisations.

**Geographical focus**
- Dutch network of Agri-ProFocus members and observers (DGIS & ELI)
- Nine Agri-hubs in Africa (Mali, Niger, Bénin, Kenya, Uganda, Rwanda, Ethiopia, Mozambique, Zambia)

**Thematic orientation (innovation agenda)**
1. Organized farmers as partners in agribusiness (farmer-firm relations and economic services to members)
2. Local capacity to provide sustainable business development services
3. Gender equity in agriculture
4. Farmers’ access to financial services
5. Sustainable food production
6. Monitoring and evaluation of agri-hub dynamics

- Specific thematic events: local sourcing, …

**Expected outputs**
- 9 dynamic country programmes
- 6 thematic trajectories
- Events, workshops and publications (Netherlands and agri-hubs)
- Policy development, lobby and advocacy
- Country and thematic NINGs as platforms for exchange, debate and learning

**Role Agri-ProFocus support office**
- Independent brokering and facilitation to establish effective linkages within the network and with private sector
- Overview and sharing of lessons learned
- Linkages with DGIS, ELI, Embassies, development organizations, knowledge institutes and private sector

**Role Agri-ProFocus members**
- Coordinate activities at international and country level
- Ensure agri-hub coordination and contribute human and financial resources to Agri-hub action plans

**Role knowledge institutes**
- Facilitate country focus processes (2009-10)
- Lead and implement knowledge and learning agenda (2011-12)

**Actors**
The overview on the next page presents the members of the APF network. Several new members have joined in 2011. In general, there are around 5-12 APF members that have activities in Agri-hub countries. The Agri-hubs are of different size, some have around 100 local members, while others are much bigger (Uganda agri-hub: > 600 members). Most members are facilitators of agricultural development processes. They are from the public and private sector and from civil society organisations and farmers’ organisations.


1 Also called ‘knowledge agenda”; WUR-CDI is involved in themes 1, 2, 5 and 6 and collaborates with KIT, which is involved in themes 1-4)
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APF Theory of change
The Agri-ProFocus partnership defines success at three levels: sphere of control, sphere of influence and sphere of interest. The figure below visualizes the main elements. The ToC is set in a context of external factors at international, national and local level and based on a certain number of assumptions. These factors and assumptions are not visualized in the figure below.
2. **RISE: rural innovation systems and entrepreneurship**

**Origin of the framework**
RISE is the conceptual framework that guides work on promoting farmer entrepreneurship. It is inspired and integrates approaches and concepts related to value chain development (Value links), institutional economics, market system development (MMW4P), transaction economics, rural innovation systems, RAAKS and others.

The RISE framework provides lenses for looking at agribusiness development dynamics:

1. Dynamics around bulking nodes (local markets, trade hub, processing unit, collection centre) : volume, quality, labour, storage, product development, use of by-products, ....
2. Pre-harvest processes : farmers’ production practices, productivity and quality, farmers’ organization rate, modalities of selling of primary produce to traders and processors, ....
3. Downstream relations among stakeholders: sellers and buyers of (processed) products at/through bulking node (millers, traders, wholesale) and relations further down the line (retail, consumers).
4. Commercial relations and price transmissions along the value chain. What are the transactions and prices at different stages along the value chain ? What value and benefits accrue to different chain operators ? What part accrues to primary producers and labourers ?
5. What are the relations of chain operators with chain supporters (agro-input dealers, banks and MFI’s, transporters, BDSs, ....). Are there problematic or missing relations ? What are opportunities to improve access to services (credit, inputs, transport, research and advice, ...)?
6. What are the relations (of chain operators and supporters) with chain enablers (predominantly public sector). What institutions define/influence the business environment? Are new relations with districts, ministries and public services emerging ? What about opportunities or threats in the external environment ?
7. Relations with donors and external facilitators. Do donors and NGO’s distort factor, output and labour markets ? Do external interventionists adapt their support as the market system evolves?
Actors
In RISE three major actor groups are distinguished: Chain operators, Chain supporters and Chain enablers/influencers. The key message of the framework is that these different players need to interact in order to have well-functioning agrifood market systems, reduce transaction risks and costs and to arrive at competitive, sustainable and inclusive value chain development. These are public-private partnerships in practice.

- Chain operators are entrepreneurs/enterprises performing functions on a value chain. They create value and own the product at some stage. Think of: Producers (producer cooperatives and associations); Processors (farmers’ organisations can take up processing); Traders (farmers’ organisations can take up marketing and sales), Wholesalers; Exporters; Retailers, ...

- Chain supporters provide support services to chain operators (business to business services). Chain supporters have a stake in the value chain, but do not own the product. Think of: Input dealers (FO’s may specialize on seed multiplication, agro-input supply or machinery renting); Transporters (Cooperative transport facility is possibility); Banks (may include SACCO’s and cooperative banks); Researchers, Extension agents (may include farmer extensionists), Financial advisors/auditors, ....

- Enablers/influencers create and define conditions for private sector players to do business (they may be disablers too ....). They set the policy environment and business climate. They are mainly composed of governmental bodies at different levels and public services, such as bureaus of standards, courts, police, ..... For farmers dialogue with Government is important !

- The RISE model explicitly shows a fourth group: donor agencies and external facilitators. The key message is that they are part of reality in agribusiness development in Africa, but are not (or should not be) part of the local market system.

Theory of change
Major strategies for farmer empowerment on value chains:

1. Improve role as producers
2. Improve collaboration with chain operators and chain supporters (horizontal integration)
3. Do more chain activities on the chain (vertical integration)
4. Influence enabling environment

The RISE framework ‘gives rise’ to important strategic orientations for interventions seeking to contribute to agribusiness development and farmer entrepreneurship promotion in Africa.
Major strategic orientations:
1. Farmer-firm relations are essential for resilient and sustainable agribusiness models.
2. Innovations are likely to occur around bulking nodes, which are provide the link between farmer-suppliers and consumer demand and market requirements.
3. Agribusiness development requires innovative collaborative arrangements among different groups of actors in the market system. Specific interfaces can be developed to address ‘burning issues’ in the market system.
4. Donors and external facilitators should focus on agribusiness development coaching and not take up functions in the local market system (such as providing credits), buying participation or donate or subsidize heavily.
5. Development programs should start off with entrepreneurial initiatives of local entrepreneurs (farmer organizations, processing or trade enterprises).
3. **ABCD: an operational approach for promoting farmer entrepreneurship**

**Origin of the ABCD approach**

The ABCD approach is based on CASE: Competitive agricultural systems and enterprises. CASE is a grassroots approach that advises to work on specific value chains, clear product-market combination in with actors in specific geographical areas. CASE thus combines a VC approach and territorial approach and has a strong market and product development perspective. Agricultural intensification (and productivity improvement and cost price reduction) get a lot of attention. The basic premise is that small farmers need to have profitable market outlets in order to be motivated and to have the means to invest in their farms and soils. Value chain development is situated in the national and local institutional environment. Multi-stakeholder collaboration is prominent.

A program in West-Africa based on the CASE approach promoted the establishment of over 200 agribusiness clusters that reach 7000 farmer groups and close to half a million farmers (IFDC 1000s+ project).

**Agribusiness cluster development**

An AgriBusiness Cluster (ABC) is a (mostly informal) network of local actors that organize themselves around specific commodity value chains. It is at local level that farmers and other entrepreneurs need to be able to access inputs and credit and need to do business (output markets). It is also at this level (f.i. districts) that farmers and their organizations see laws, policies and regulations ‘at work’. ABC development is about concrete work:
- Clear farmer-commodity-market combinations (specific value chains);
- Real stakeholders engaged in direct economic transactions;
- Direct link to creation of local income and employment;
- Involvement of local government.

In value chain development, all actors pursue of course their own specific interest. Competition is a normal phenomenon. It is important to distinguish farmer-led and firm-led agribusiness clusters. Farmer-led ABCs are based on farmer agency and take farmers’ economic objectives as the starting point. Farmers engage with other actors and stakeholders to realize their ambitions. Firm-led ABCs are based on firm agency and firm’s economic objectives. Firms engage with other actors and stakeholders, including – or especially – farmers to achieve their goals.

**Steps and actors**

Based on experiences in West-Africa and other parts of Africa, the key steps for developing agribusiness clusters are found to be the following:
1. Formulating clear economic objectives ('the compass')
2. Working on concrete questions and improvements ('burning issues')
3. Collaborating with others and develop fruitful interfaces ('dancing')
4. Navigating business and competitive intelligence of local entrepreneurs ('driving the car')
5. Influencing the policy environment and business climate, induced and supported by local experiences ('voicing pyramid')
Ad 1.
Economic objectives motivate, guide and push innovation.
- Motivate. Local entrepreneurs (farmers and their organizations) striving towards realizing concrete economic objectives
- Guide. SMARTly formulated economic objectives are the compass for navigating the roadmap towards the desired situation. They also orient information collection and analysis.
- Push innovation. Economic objectives push technical and commercial innovations, as well as organizational and institutional innovations.

Ad 2.
In actual field practice, the following subjects are often found to be burning issues: access to quality seed; access to fertilizer, price transparency and market information, farm management and cost-benefit analysis, storage losses, warehousing, access to credit, commercial relations and contract farming, ...

Ad 3.
All these subjects need stakeholder collaboration for finding appropriate solutions. The cluster context facilitates the establishment of these stakeholder relations and commitments. And the cluster context helps farmers to understand the interests and functions of other stakeholders (traders, processors, banks & micro-finance institutions, research and extension, local governments and NGO’s / Business development services, ...).

Ad 4.
Farmers, and rural agro-enterprises in general, need to constantly gather information to innovate and remain competitive, in order to sustain profits. They need to proactively navigate their business. "Navigating business" refers to steering an enterprise in dynamic environments. An entrepreneur needs "competitive intelligence", which is composed of

- Market intelligence : understanding market and consumers
- Operational intelligence : improving business processes
- Tactical intelligence: relating to other stakeholders
- Strategic intelligence : reading the policy and business environment

In ABCD trajectories, capacity building can focus on the development of these 'intelligences', because entrepreneurs need to collect and handle information all the time to substantiate decisions for strengthening their competitive edge.

Ad 5.
Farmers are organized from local to international level. Different tiers of farmers’ organisations operate at different levels, which have complementary roles. The subsidiarity principle is important in this respect: higher tiers should not do what lower level can do. In the African farmers’ movement, important challenges are upward representation and downward accountability. The 'connect' of different levels strongly determines (political and economic) negotiation power.

2 SMART : specific, measurable, achievable, realistic, time-bound
**Theory of change**

The vision behind ABCD is that agricultural development is the cumulated effect of multiple local agribusiness clusters. Sustainable agro-economic development and the emergence of a resilient farmers’ movement require hundreds if not thousands of local clusters wherein farmers and their organizations play a central role.

ABCD encourages a reversal in the traditional in thinking about agricultural development. Instead of giving prominence to government or donor program formulation, ABCD is based on the agency of local entrepreneurs. Economic objectives of local entrepreneurs (farmers, firms) are the starting point. It advises to focus on specific value chains and product-market combinations and it advises to work on concrete challenges and opportunities that are underscored by members of the AB cluster (‘burning issues’)

Concerning capacity development of farmers’ organisations, the ToC is that organization development will most importantly result from farmers’ engagement in agribusiness development ventures (even though a minimum level of organizational development is needed for engaging in economic service provision and collaborating with other stakeholders). Instead of ‘institutional support’ to farmers organizations or training/accompanying internal organizational management, the assumption is that organization development takes place as a result of economic processes and adaptations.
4. Discussion: catalytic role of knowledge institutes

Experience in Netherlands and beyond indicate the importance of combining ‘organisation’, ‘research’, ‘extension’, ‘education’ and ‘entrepreneurship’ (OOVOO; organisatie, onderzoek, voorlichting, onderwijs, ondernemerschap). This cluster of factors (‘OREEE’) thus refers to sound organisation of farmers, relevant research services, multifaceted extension systems, practical vocational education and entrepreneurship of chain actors that triggers continuous innovation.

The combination of APF-Agri-hubs and associated knowledge and learning agenda, the RISE conceptual framework and the ABCD approach may trigger innovation development, knowledge management and information sharing at three levels: knowledge institutes, agri-hubs (mainly composed of facilitators of change) and practical agribusiness situations (led by farmers and firms).

These three levels and sub-groups have complementary roles:

**Catalytic role of knowledge institutes.** Knowledge institutes can provide the following inter-related services: practical theory (cf. RISE framework), pro-active sharing of possible options for innovation processes, methodological support to (action) research at agri-hub and ABC level, development and roll-out of training courses, facilitation of capitalisation processes (Agri-hub and local level) and guidance for resource portals and knowledge sharing.

**Facilitative role of APF and Agri-hub members.** Members of APF and Agri-hub affiliates are generally facilitating processes of agricultural change. They can broker between knowledge institutes on the one hand and local entrepreneurs on the other hand. They accompany and coach farmers organizations, other local entrepreneurs operating on value chains and also value chain supporters and enablers. They support the adaptation and uptake of innovations, roll-out training and coaching services, accompany practical action research, support the application of innovative approaches and tools and support local capitalisation, learning and information sharing processes.

**Innovative role of farmers, their organizations and other local entrepreneurs.** Engaged in real business they innovate to achieve their economic objectives. For that purpose they engage in technical, organisational, commercial and institutional innovation. Farmers’ organisations have a specific roll in ‘extending’ innovations to their members.

The three sub-groups must all improve upon their respective roles. Through the articulation of complementary roles, the aim is to arrive at innovation development, knowledge management and information sharing that is increasingly driven by producers’ organizations and other local entrepreneurs, with a supportive catalytic and facilitative role of knowledge institutes and agri-hubs.

The figure below visualizes again the catalytic role of knowledge institutes, the facilitative role of agri-hubs and the innovative role of farmers’ organizations and other local entrepreneurs and also visualizes the revolving process leading to the ‘institutionalization’ of innovation development, knowledge management and information sharing.
Methodological support for action research

Resource portals and information sharing

Capitalization and learning

Courses and modules

Options for innovation

Facilitative role of agri-hubs

Catalytic role of knowledge institutes

Mainstreaming innovative role of farmers’ organizations and other local entrepreneurs
5. Discussion: innovating agricultural development cooperation

Concerning agricultural development cooperation, the APF-Agri-hub network, the RISE framework and the ABCD approach have ammunition to suggest fundamental change and innovation.

**Innovative funding modalities**
Moving beyond traditional project approaches, it seems necessary to explore innovative ways of organizing public support for agricultural development in Africa:
- Own contributions
- Bank loan applications
- Market conform funding
- Warehouse receipt systems
- Innovative collaterals
- Leasing
- Temporary testing
- Basket funding
- Guarantee funds
- Shares and joint ventures
- Smart subsidies
Sourcing with farmers
In the international agribusiness environment things are changing fast. Decent labour, environmental management and fair prices to producers are increasingly important. Large enterprises – triggered by consumer demand, government policies and pressure groups – are regoverning international value chains. In the cacao sector, the industry asked for instance two major questions:

- How do we accelerate the formation of effective cocoa producer groups?
  - What are the characteristics of effective cocoa producer groups?
  - What can be done to accelerate the formation of effective cocoa producer groups?
- How do we rapidly build local capacity to get producer groups qualified for certification?
  - What local capacity is needed to help cocoa producer groups qualify for certification?
  - What can be done to rapidly build this local capacity?

Local sourcing modalities, (again: firm-farmer relations!) are a key issue. These developments fit well with the RISE framework, ABCD approach and can be facilitated through the APF network.