



4.16 Agri-SME Business Development Platform: the first global multi-stakeholder engine for inclusive and equitable agri-value-chains

1. What, in brief, is the solution?

The solution is an Agri-SME Business Development Platform (BDP) to connect diverse cross-sector actors engaged in strengthening agri-SMEs and provide multiple services that better leverage and align their collective resources – to maximise collective impact. Building on existing initiatives and a wealth of experience and insights generated by well-placed but disparate stakeholder groups, the key functions of this BDP will be:

1. A toolbox of resources for agri-SMEs to enhance their investment-readiness and bankability (building on work by AGRA, CFI and SCOPEinsight)
2. A digital financial discovery function for agri-SMEs and investors to learn about each other (building on work by WBCSD)
3. A suite of assessment and training resources and material for Entrepreneur and Business Development Services as well as a network of local businesses who can help implement (building on work by the Agripreneurship Alliance, TechnoServe, GFRAS, and Nourishing Africa, and SCOPEinsight’s Local Expert Network)
4. A suite of reference documents for agri-SME investor performance metrics, due diligence, and impact tracking and reporting (building on work by the Collaborative for Frontier Finance and CSAF)
5. A learning community for agri-SME finance, with an active learning and outreach programme (building on work by the SAFIN network)

2. What was/were the source(s) from which this solution emerged?

The solution is an evolution from the cumulative but to-date disparate efforts of a number of key stakeholder groups (some of whom are listed above). It brings together and builds on existing work across critical groups of actors: development finance, entrepreneur and enterprise support organisations, multi-lateral agencies, private sector and investors/donors.

The design of this solution has been informed by a series of dialogues over the last 6 months including a Bold Action for Food as a Force for Good dialogue on The Role of SMEs in strengthening food systems and equitable livelihoods on 12 November 2020 hosted by the FAO, WBCSD, GAIN, SUN, Agripreneurship Alliance and the WFP, as well as on a dialogue among members of the SAFIN network held on 11 January 2021. This ongoing dialogue has yielded a sense of overall direction that is captured in points 1-555 above. This solution 1) reflects the escalating and cross-Action Track dialogue and momentum around the key role of agri-SMEs in a sustainable food system and 2) is a practical application of two of AT4’s priority agendas on strengthening agency and multi-dimensional welfare.

3. What problem is it trying to address within food systems?

This solution speaks directly to the problem statement outlined in AT4 Discussion Starter: ‘Food system transformation that does not address inequalities and specific vulnerabilities risks reinforcing and deepening inequalities and undermining the resilience of food systems’.

Agri-SMEs are the economic backbone of virtually every economy in the world. They generate most of the new jobs created, help diversify a country’s economic base, promote innovation, delivers goods and services to the bottom of the pyramid and can be a powerful force for **integrating woman and young people** into the economic mainstream. Agri-SMEs play a critical role as commercial small and medium-



scale farming enterprises, providers of jobs on and off farm, service providers to small farmers and other rural and urban groups, off-takers from small farmers and suppliers to larger agribusiness. Some of them are embedded in the supply chains of larger agribusinesses and critical to a stable and transparent supply.

It is widely acknowledged, therefore, that agri-SMEs are critical players in a sustainable food system. However, often referred to as ‘the hidden middle’ (also referred to as ‘the missing middle’) the value they bring and their specific needs are often overlooked. To shift the economics so that the socio-economic and/or environmental value of agri-SME lending is captured, innovative partnerships and comprehensive approaches are essential.

The solution will address the problem in 3 ways:

1. Convene, align and leverage the complementary efforts, resources and roles of different influential actors, working around key synergy points (e.g. digital tools, bankability and impact metrics, etc.);
2. Improve the visibility of the landscape of agri-SME support initiatives tools and resources, facilitating the avoidance of duplication and the engagement of new actors and supporters of the agenda;
3. Accelerate learning among initiatives and actors about what works and what needs improvement, ultimately enabling all of them to deliver greater value to agri-SMEs and to investors.

4. Why is addressing that problem important for achieving the goal of your working group?

This solution contributes to both “Strengthening Agency” by supporting smaller and medium sized enterprises, which are the backbone of virtually all rural economies, yet a sector to-date overlooked and under-provided for. It also contributes to “Multi-dimensional Welfare and Access” by directly building more equitable value distribution through strengthening the smaller, yet essential, players in the agricultural value chain.

Two of the priority groups for the AT4 Working Groups are women and youth, both of whom are positioned to benefit directly from agri-SME business development.

5. How can this solution address that problem (theory of change)?

To-date there has been a collective failure to recognise the different drivers that a range of stakeholder groups have in strengthening agri-SMEs, to identify their strengths and specific role or responsibilities and coalesce around a shared goal. This has resulted in a fragmented approach that is not able to best align, or leverage, extensive intel experience and resources.

This new Platform puts the agri-SMEs at the centre of the solution and positions relevant partners as delivering discrete and necessary tools and functions according to their network and expertise. This solution tackles the key barriers to strengthening agri-SMEs by:

- Mitigating perceived investment risk and expanding the pool of interested investors, by aligning around shared performance metrics and showcasing to investors where agri-SMEs are embedded in structured supply-chains with secure off-takers from ‘blue-chip’ companies
- Improving the visibility of agri-SME investment opportunities by providing a bespoke digital platform for them to post information about their enterprises and funds requested
- Signposting for agri-SME’s sources of technical assistance, business service development, innovative technology



- Over time contributing to the essential shift in the economics of ‘unprofitable’ agri-SME lending by integrating the socio-economic and/or environmental value of impact generated

6. Why does this solution align to the definition and criteria for a ‘game changing solution’ developed by the Summit?

This proposed solution fits particularly closely to the following 3 criteria:

- Have positive effects on ensuring equitable livelihood opportunities, advancing human health, and regenerating environmental integrity, with focus on youth, women, marginalized and disabled populations. *Agri-SMEs are widely recognized as a very effective conduit to engage these communities in value-chains.*
- Be implementable at a sufficient scale to reach a large portion of the population with clear, timely and verifiable outcomes that produce significant impacts by 2030. *This solution has high impact potential at scale and actionability due to the number of well-established and global expert players already committed and representative of the key groups of actors needed with buy-in and ‘skin-in-the-game’.*
- Promote gender equality and women’s empowerment in food consumption and production systems. *Agri-SMEs are widely recognized as key to addressing gender equality and women’s empowerment.*

7. Existing evidence supporting the argument that this solution will work, or at least achieve the initial outcomes?

There is extensive evidence that supports the evidence base on which this solution is designed and its strong chances of success, including:

- The Smallholder and Agri-SME Finance and Investment Network (SAFIN), a network of 48 institutions (including IFC, Aceli Africa, Rabobank, GAFSP etc) across the landscape of agricultural finance, who address strategic issues and knowledge gaps and foster innovative solutions to address common challenges.
- Progress made over the last 6 months with the WBCSD Agri-SME Digital Finance Platform and informed by *The role of agribusiness in strengthening rural livelihoods* independently prepared by the School of Global Studies and IIED.
- Nourishing Africa knowledge and resources for and from members across 36 out of the 54 countries (with a target of 54 by end-2021) working to ‘attract, empower, equip, connect and celebrate over 1 Million dynamic and innovative young entrepreneurs who will drive the profitable and sustainable growth of the African agriculture and food landscapes’.
- FAO Agribusiness Incubation and Acceleration trainings (2020) and country-level focus e.g. launch of the Zambia Agri-PPP (December).
- Scope Insight’s Assessment Tools built from thousands of assessments that clearly link agri-SME professionalism with business as well as development outcomes.
- One Young World’s focus on young leaders generating social impact and spotlight on SDG2 Zero Hunger.
- The new AGRA SMESMESME-resource bank <https://agrf.org/dealroom/sme-resource-bank/launch-of-the-sme-resource-bank-for-investment-readiness/>.

8. What is the current and/or likely political support for this idea?



The urgency of building more Equitable Value Distribution across food and agri value-chains is gaining in profile and momentum. The World Food Programme's latest 'State of Nutrition and Food Security in the World' report estimates that the pandemic will add over 100 million people to the total number of those undernourished worldwide and the World Bank estimates that a further 100 million people will be living in extreme poverty – both by the end of 2020. Our collective efforts to achieve the Global Goals related to poverty, food security and inequality have been significantly set back. The impacts of COVID-19 have been indirectly socially and economically devastating and have seriously exacerbated these inequalities. Agri-SMEs need urgently to be transformed into thriving enterprises to alleviate extreme poverty and hunger (SDG 2) as well as stable and transparent agricultural supply-chains. There is also a direct link between agri-SMEs and the high profile political agendas relating to climate resilience.

Partners whose current efforts could contribute to and benefit from synergies provided by the platform include (but are not limited to):

- Smallholder and Agri-SME Finance and Investment Network (SAFIN)
- FAO
- Agripreneurship Alliance
- AGRA (Alliance for a Green Revolution in Africa)
- World Business Council on Sustainable Development's Global Agribusiness Action on Equitable Livelihoods Project
- One Young World (the global forum for young leaders)
- SCOPEinsight
- Private Sector Mechanism of the CFS

9. Are there certain contexts for which this solution is particularly well suited, or, not well-suited.

This solution has broad application given the nature of agribusiness value-chains, prevalence of smaller actors and widespread urgency for equitable value distribution. In order to prioritise, key impact areas where the greatest investment and contribution are needed could be women and youth. Geographically the priority regions will be the key growing regions of Latin America, Sub-Saharan Africa and South-East Asia.