

# **FINANCING PANEL**

## **Optimal funding and programming arrangements**

Are funding opportunities adapted to value chain approaches and PP partnerships?

***“The growing global demand for agricultural innovation makes it vital to assess the characteristics that separate effective from ineffective innovation fund mechanisms”***



DESIGNING AND IMPLEMENTING  
AGRICULTURAL INNOVATION FUNDS:  
Lessons from Competitive Research and Matching Grant Projects  
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**What went wrong with  
funding agricultural research for development?**



# Inadequate policies of donors

- The absence of well-elaborated national policy, over-compensated by an excess of donor initiatives
- The unrealistic time frame of donor initiated-development goals
- The frequent 'adjustments' according to the donors' own priorities and the methods and procedures in fashion
- Donors and their aid administrators have short memories, repeating the same mistakes

# Inadequate policies of aid recipients

- Too many disorganized, uncoordinated and technically weak actors at all levels, resulting in a multitude of fragmented, competing, contradicting, parallel activities which have often interfered with the development of national institutional capacities by enticing the best people to come and work for them
- Low enabling environment for private investments and for farmers to re-invest in their farms

***The role of public-private partnerships for enhancing the outcomes and impact of research and technology on development:***

***a bottom up perspective***



# Constraints for the private sector/ SME participation (a)

- Most businesses focus on managing their operations. They are not necessarily focused on how to improve their competitiveness through innovation?
- Many businesses have limited ability to develop good proposals. Developing concept notes and grant proposals and assembling the required documentation entails transaction costs (time, resources). The private agri-sector may find it very difficult (or reluctant) to provide time and cash to match the grant?

# Constraints for the private sector/ SME participation (b)

- Limited experience and mistrust make the private sector reluctant to engage with NGOs or government-“driven” research activities and thereby prevent actors outside the private sector from entering into collaborative arrangements?
- Besides, the challenges of working with smallholders in out grower schemes limits the private sector’s interest in submitting proposals



# Agri-business opportunities

Agri-entrepreneurs are a new type of **innovators**. Entrepreneurs are good in

1. marshaling ideas and people
2. identifying opportunities - opportunities that are often driven by the market
3. performing - *what is now called* - the brokering role: putting ideas, resources and people together: to make that innovation actually happen.

# Agribusiness support services

**Smallholders** need to work the logic of markets. For that they need skills – and they do not come spontaneously.

- To make farming a business, farmers need specific services to help them in doing so: business services.
- These services need to cater to a wide range of types of farmers.

The same holds true for **other value chain actors** such as local traders, warehouse managers, input suppliers and local processors:

- They also need business services to cope with the dynamic environment they find themselves in.

# New funding trends

1. SME equity funds
2. Value chain financing
3. Value chain based funding
4. National research calls

# SME Equity fund

The Delegation of the European Union to Uganda will launch a SME Development Fund (Equity Fund) over 2- 3 months.

- It will be open to all sectors of agribusiness, including livestock.
- The selection will be made on the basis of socio-economic-environmental criteria and financial return criteria.
- The EU/Uganda aims at targeting at least 25-30 companies with the first closing of the fund.



Framework Contract EuropeAid: 127054/C/SER/multi - Lot 1  
Rural Development

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## STUDY ON PROMOTING A COMMERCIAL BEEF INDUSTRY IN UGANDA

FWC1-171

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FINAL REPORT

March 2011



MAAIF  
Ministry of Agriculture, Animal  
Industry and Fisheries

The overall objective of this study was to contribute towards obtaining an insight into the beef value chain in order to design interventions that lead to commercial sustainable solutions that contribute to better performance through a **public-private partnership** with focus on small and medium enterprises.

# Value chain based research funding

- Some countries have managed to put in place structures for platforms to encourage operational use of research results by producers and took a serious option for solving the problem of financing the system.

# Value chain based research funding

In **Ivory Coast** 18 value chains work with the *Fond Interprofessionnelle de la Recherche et du Conseil Agricole* ([FIRCA](#)) and 13 to 14 are collecting fees.

- The value chain actors identify the projects which FIRCA finances in the field of applied research, agricultural advice, technical training and the reinforcement of capacities.
- Examples: hevea , palm oil, coffee, cacao, **pigs, poultry**, fruit-citrus

# National research calls

**In Burkina Faso**, the Ministry of Research Science and Innovation created in January 2011 the National Fund for Research and Innovation for Development (FONRID).

- orientation of research towards demand and national priorities;
- improving the quality of scientific research;
- the promotion of invention and innovation;
- diversification of the scientific, technical and financial partnership.



# International ARD research calls

- **GlobE - Global Food Security.**

Federal Ministry of Education and Research of Germany

- Reduction of Post Harvest Losses and Value Addition in East African Food Value Chains (University of Kassel): **pastoral meat value chains**
- Trans disciplinary research: Stakeholder processes, knowledge integration and collaborative learning

- **Two new Dutch Funding instruments on food security challenges**

Netherlands Organisation for Scientific Research

- the Global Challenges Programme (preliminary applications **9 July 2013**)
- the Applied Research Fund