Enabling value-added agribusiness entrepreneurship through business incubation: Project Implementation Plan
Contents

Summary ........................................................................................................................................3
Background ..................................................................................................................................3
Scope of Work ..........................................................................................................................7
Target Beneficiaries ..................................................................................................................7
Implementation Plan ..................................................................................................................8
  Assessment of Global Good Practices in Agribusiness Incubation ..............................................11
  Development of a Training Module on Agribusiness Incubation ................................................13
  An Agribusiness Incubation Model for Africa ............................................................................14
Geographical Coverage .............................................................................................................16
Expected outputs and outcomes ...............................................................................................16
  risks to implementation and sustainability ..............................................................................17
Knowledge dissemination ..........................................................................................................17
Partnerships ...............................................................................................................................18
Summary

The agribusiness component of the “Creating Sustainable Businesses in the Knowledge Economy” Program aims to contribute towards achieving three development objectives:

1) Increasing sustainable income generating opportunities
2) Increasing agricultural productivity and competitiveness
3) Increasing the proportion of the price paid by end-consumer that is retained by developing countries for products they produce, for instance by increasing market access and efficiencies along the value chain and expanding local value added agro-processing.

The agribusiness program is focused on enabling innovative agribusiness entrepreneurs that:

1) Provide inputs to primary producers in the form of goods and services;
2) Add value to primary products (i.e. agro-processors) and play a “catalytic” role in terms of enhancing efficiency, quality and market access across the value chain.

In line with infoDev’s mission to help developing countries harness innovation and ICT for sustainable development, the program will include an emphasis on enabling access to and productive use of technologies that are available locally, in the region and internationally.

The agribusiness program will leverage infoDev’s expertise in ICT, innovation and entrepreneurship to build local capacity that enables and accelerates the start-up and growth of innovative agribusiness entrepreneurs. Specifically, it will leverage infoDev’s experience in business incubation and strengthening innovation systems, along with its global network of more than 300 business incubators, of which around 50 target the agricultural sector, in order to:

1. Facilitate a south-south, peer-to-peer agribusiness incubation working group (GLO-2, ASP-3)
2. Assess global good practices in agribusiness incubation (GLO-2)
3. Develop a training module on agribusiness incubation (GLO-2)
4. Develop a business incubation model for African agribusiness and adapt the business model to four countries (Mozambique, Tanzania and two additional African countries TBD1 (AFR 4,6,8)
5. Explore the potential to include agribusiness incubation in business incubation activities in Asia and ECA (ASP 4, ASP-5, ASP-6, ASP-7, ASP-8, and ECA-3), particularly in Cambodia, Nepal and Vietnam.

These activities will be supported by the development of “sourcebooks” on ICT and Agriculture and Agricultural Innovation Systems respectively (GLO-4). The agribusiness program will also be linked to the SME Internationalization program, which seeks to leverage infoDev’s business incubation network to facilitate international market access for innovative SMEs, and to the regional m-apps labs, which seek to cultivate innovative mobile applications entrepreneurs. In the future, infoDev will also explore linkages between its new work in clean technologies and agribusiness.

Background

1 Kenya and Zambia will be assessed for their potential. Other potential countries include Benin, Botswana, Ghana, Mali, Uganda and South Africa.
WHY AGRIBUSINESS INCUBATION?

“The future of African development depends on the ability to accelerate innovation by capitalizing on the creativity of African farmers and agribusiness entrepreneurs...Innovation is under way in African value chains. It is not driven by research, but by entrepreneurs, networks and supportive policies.” Dr Andy Hall, LINK Coordinator, United Nations University, MERIT, Maastricht.

“The adoption of new technologies and subsequent increases in agricultural productivity in different parts of the world explain, in large part, the regional differences in the reduction of poverty over the last decades.” UK Department for International Development (DFID), London

According to the World Bank, “the potential of agricultural growth to reduce poverty is four times greater than the potential of growth from other sectors.” The 2008 World Development Report outlined how investments in agribusiness produce significant multiplier effects through their forward and backward linkages, generating demand for agricultural products and associated inputs and services and creating on and off-farm employment. A good illustration of the income generating potential of this sector is a recent finding by the African Union Commission estimating that the collective potential income that farmers alone could derive from increased trade in domestic and cross-border markets could be as much as USD30 billion. Interventions that can unleash this potential can thus have a tremendous impact on poverty.

The creation of a competitive indigenous agribusiness sector requires an effective innovation and entrepreneurship eco-system that enables the start-up and growth of innovative enterprises. Good infrastructure, effective policies and regulations and access to appropriate financing are critical enablers. In addition, access to and adoption of innovation along with entrepreneurial skills will be critical to advancing the sector.

In this context, innovation includes product and process technologies that can contribute to enhancing agricultural productivity and profitability by increasing yields or decreasing cost or waste. Such technologies include input technologies such as new seeds, fertilizers and irrigation equipment, as well as improved management practices related to crops, livestock and fisheries. They can also include storage and processing technologies which add value to raw materials. But innovation must be viewed more broadly to also include business model innovation which unlocks the provision of agricultural goods and services to underserved markets or enables increased market access for farmers and small businesses. Within this broad definition of innovation, information and communication technologies (ICT) can have a catalytic role by facilitating access to know-how and market information and increasing the speed and frequency of transactions across the agricultural value chain.

Innovations can be adopted by an existing enterprise or form the basis of the start of a new business. In this process, the needs of agribusiness entrepreneurs are manifold. As with entrepreneurs in other sectors, they need advice on business development and management, marketing and market linkages, access to finance and regulatory requirements, quality and safety standards. They also need access to proper equipment and maintenance services. Finally, entrepreneurs that seek to bring a new technology to market face challenges with assessing the market feasibility, protecting intellectual property, raising investment capital and marketing a technology that is new to the market.

According to the African Agribusiness and Agro-Industries Development Initiative (3ADI) “most agricultural sector institutions and services are focused on supporting producers and production systems,“ whereas there is a lack of organizations that provide effective support to agribusinesses and agro-industries. Therefore, 3ADI sees a need to “validate, upscale and replicate” innovative models that can fill this gap.
**Business incubation** can be one such model. *infoDev* defines business incubation as a process which focuses on nurturing innovative early-stage enterprises that have high growth potential to become competitive businesses. The business incubation process provides a combination of 1) shared facilities and equipment, 2) business development, market access and technology transfer services, 3) financial services and 4) mentoring and networking, all of which is provided for a fee. Business incubation is distinguished from what is commonly referred to as “business development services” by its holistic and pro-active approach to enterprise development and its focus on high growth potential enterprises. It is distinguished from technology parks by its focus on early-stage enterprise development.

The success of business incubation can be measured in terms of enterprise creation, bringing innovations to market, enterprise survival rate, profitability, revenue growth, and job creation. *infoDev’s* experience indicates that incubated enterprises have a much higher survival rate than what is typically found; more than 75 percent of the graduated enterprises are still in business three years after they graduate. In Brazil, 80 percent of incubated enterprises continue to operate after 3 years, compared to 50 percent after one year in the economy overall. Within *infoDev’s* network of developing country business incubators, at the point of graduation an enterprise typically generates between USD 50,000 and 300,000 and employs ten employees. That being said, there is wide variability: amongst 75 incubators in *infoDev’s* network, the number of employees in graduated firms range from three to 20,000. In terms of revenue growth rates, New Zealand is one of the few countries that systematically and reliably tracks this data point; according to a 2008 assessment, 40 percent of the graduates reported a revenue growth rate of at least 150 percent over 5 years, compared to 11 percent in a control group.

Beyond business incubators’ immediate impact on enterprise and job creation, *infoDev* has found that they can be important change agents. Business incubators have strategic linkages with the broader innovation and entrepreneurship eco-system actors comprising academia, industry, government, financiers and entrepreneurs; they offer financier a pool of enterprises that are being handheld and thus represent lower risk; they offer corporations innovation and supply chain development; and they offer academia an outlet for research commercialization and employment of graduates. Across *infoDev’s* network there are numerous examples of business incubators stimulating the start-up of new financing products for SMEs and providing inputs to new SME policies or regulation. More information about the impact of business incubation can be found at [www.idisc.net](http://www.idisc.net)

All this being said, business incubation is not easy. Many business incubators confront important operational and strategic challenges, including financial sustainability, attracting and retaining qualified management and securing adequate deal-flow. *infoDev’s* business incubation network and training program were designed specifically to help business incubation stakeholders form peer-to-peer forum for knowledge exchange and to build capacity to overcome these challenges.

Against this background, the Agribusiness Incubation Program under the Creating Sustainable Businesses for the Knowledge Economy Program will examine the lessons and models from agribusiness incubation across the globe, provide an agribusiness incubation training module, deliver a model for agribusiness incubation in Africa, and present a set of concrete recommendations for implementations in 4 African markets.

### GloTech Organics – An Incubated Agribusiness Enterprise

GloTech Organics has brought two innovations to the Indian market: a plant growth supplement and bio-pesticide, and a product that improves fertilizer efficiency. The enterprise was started by a former employee of a large fertilizer company. The founder says about the incubator: “TRECSTEP has made us think comprehensively about our start-up venture. It has supported us with strategy and planning, marketing and implementation guidance, seed funding support, infrastructure support and mentoring on venture development.” After two years in the incubator, the enterprise has an annual turnover of USD 72,000.
WHAT CAN INFODEV CONTRIBUTE?

infoDev’s mandate is to help developing countries harness innovation and technology for sustainable development.

infoDev has extensive expertise in business incubation and a global network of 300 business incubators across 85 developing countries, 60 of which specifically support agricultural companies (www.idisc.net). This network provides a unique opportunity for peer-to-peer learning, and potentially – B2B linkages. The program outlined in this paper illustrates how this experience can be leveraged to support agribusiness entrepreneurs.

In addition to entrepreneurship, technology is critical to agricultural productivity and competitiveness. infoDev’s core area of expertise is in technology enablement – facilitating access to and use of technology for social and economic wealth creation.

infoDev is thus in a unique position to leverage its expertise in enabling entrepreneurship and effective access to and use of technologies to contribute to the creation of innovative solutions that can accelerate the growth of value added agribusiness in developing countries.

What infoDev does not have is deep expertise in agriculture. However, the World Bank Group, which houses infoDev, has deep expertise in agriculture and rural development. infoDev will therefore carry out this program in close consultation with the Agricultural and Rural Development Department of the World Bank, and in addition reach out to a range of developed and developing country partners in the public and private sector.

infoDev Network Members in Agribusiness Incubation: 60 business incubators in 35 countries in infoDev’s network incubate agribusiness SMEs: Angola, Argentina (2), Azerbaijan, Belarus (2), Bolivia, Brazil, Chad, Chile (3), Colombia (3), Costa Rica, Dominica, Dominican Republic, Ecuador (3), Fiji, Georgia, Ghana, Grenada, India (3), Indonesia, Iran, Jordan (2), Kazakhstan, Kyrgyzstan, Mexico (2), Mongolia, Mozambique, Nigeria (11), Panama, Pakistan, Peru, Philippines, Russia, Uruguay, Uzbekistan, Thailand
infoDev is by nature a partnership organization. It is comprised of developed and emerging economies that share a vision that innovation and ICT can be effective tools for reaching development outcomes.

infoDev’s approach is to help build local capacity to use innovation and ICT effectively. InfoDev’s know-how is generated through research and the creation of communities of practices comprised of developing country practitioners. Catalytic projects and programs are then designed and implemented whilst cultivating local ownership and the engagement of actors from the public and private sectors.

**Scope of Work**

It was against this background that infoDev proposed to the government of Finland that agribusiness incubation constitute a key component of the “Creating Sustainable Businesses in the Knowledge Economy” program, a recently established partnership program between infoDev, Finland and Nokia. The projects agreed to include:

1. Facilitate a south-south, peer-to-peer agribusiness incubation working group (GLO-2, ASP-3)
2. Assess global good practices in agribusiness incubation and related approaches that seek to enable the start-up and growth of agribusiness SMEs (GLO-2)
3. Develop a training module on agribusiness incubation (GLO-2)
4. Develop a business incubation model for African agribusiness and adapt the business model to four countries (Mozambique, Tanzania and two additional African countries TBD) (AFR 4, 6, 8)
5. Explore the potential to include agribusiness elements in other regional and country-based business incubation activities in Asia and ECA (ASP 4, ASP-5, ASP-6, ASP-7, ASP-8, and ECA-3), particularly in Cambodia, Nepal and Vietnam.

**Target Beneficiaries**

The target beneficiaries of the agribusiness program are innovative agribusiness entrepreneurs with high growth potential that:

1) Provide inputs to primary producers in the form of goods and services; or
2) Add value to primary products (i.e. agro-processors) and play a “catalytic” role in terms of enhancing efficiency, quality and market access across the value chain.

As discussed above, investment in agribusiness produce significant multiplier effects through their forward and backward linkages. It is therefore expected that farmers will benefit from the program through increased demand

---

2 ‘High growth potential’ is in this context defined in terms of revenue generating or job creation potential.
for agricultural products and through increased access to inputs and services that can serve to increase productivity, decrease costs or receive higher prices for their products – ultimately increasing their incomes.

The target clients for the agribusiness program are local institutions that seek to enable the start-up rate and growth of agribusiness entrepreneurs. The role of the program will be to build their capacity to design an effective and sustainable service offering to enable the start-up and growth of agribusiness entrepreneurs.

**Implementation Plan**

All the agribusiness program components complement each other, and they will be implemented in such a way that the synergies between them can be maximized. Below follows a diagram depicting how this could be achieved.

There are three time constraints to take into account for the implementation of the program:

1. The program in its entirety must be completed by December 2012
2. The Africa related components must be completed by December 2011
3. infoDev’s Global Forum on Innovation and Entrepreneurship, scheduled for May 30th-June 2nd, 2011 should feature preliminary outcomes from the program

The plan as outlined in the diagram below ensures that by the time of infoDev’s Global Forum on Innovation and Entrepreneurship, components 2 and 3 will be completed, the working group will already have delivered concrete outputs, and significant progress will have been achieved on component 4. The implementation plan thus sets the stage for being able to utilize the Global Forum to showcase how developing countries can utilize the business incubation approach to enable inclusive and sustainable growth in the agribusiness sector. Completing these deliverables before the funding from Finland expires, also allows us to leverage the early outcomes to bring partners onboard for a Phase II of the program. As depicted in the diagram below, all program components, with the exception of the Working Group will be completed by December 2011. The Working Group will continue until December 2012.
Implementation Schedule June 2010 – December 2011 may start-date

A proposed implementation approach for each of the main agribusiness program components is shown below.

AGRIBUSINESS INCUBATION WORKING GROUP

OBJECTIVES:

Building upon infoDev’s network of agribusiness focused incubators, create a peer-to-peer community of practice amongst stakeholders who are committed to the development objectives of the agribusiness program, and specifically to enable the start-up and growth of innovative agribusiness enterprises. The working group should enable:

- sharing of lessons learned and good practices in how to use ICT and business incubation effectively as tools to foster the start-up and growth of innovative agribusiness SMEs;
- identification of successful innovative agribusiness SMEs that can be highlighted to motivate further business creation;
- creation of a platform that opens possibilities for B2B linkages that expands markets for the target SMEs.

---

3 The Creating Sustainable Businesses in the Knowledge Economy program includes the creation of an SME Internationalization program which will seek to facilitate foreign market access and B2B linkages amongst SMEs by leveraging infoDev’s global network of business incubators. The SME Internationalization program is currently at the concept development stage.
Members of the working group will also be asked to provide inputs to and/or serve as reviewers for the Agribusiness Incubation Good Practice Assessment, Training Module and Agribusiness Incubation Model for Africa. The project team views these objectives as a starting point only, and it will seek to refine the objectives following the first meeting of the working group.

**IMPLEMENTATION APPROACH:**

Learning from the experience of infoDev’s first global thematic working groups, it is recommended to have a face-to-face meeting early in the implementation process. This facilitates the working group members in getting to know each other and learning about each other’s areas of work before working together virtually on a common working group project. Invitees to this first meeting could include the business incubators in infoDev’s global network that focus on the agricultural sector along with other professionals with experience pertaining to enabling the start-up and growth of agribusiness enterprises. The business incubators in infoDev’s global network will be invited to express their interest in hosting the first working group meeting.

In the time period between announcing the working group and the first physical meeting, it is recommended to set up a simple discussion list to start teasing out successes and challenges in agribusiness incubation. The discussion list should be actively moderated.

In order to facilitate the implementation plan as outlined above, the target date for the first working group meeting is July 2010, pending the availability of key stakeholders. The first working group meeting should be structured to allow 1) the members to present what they do 2) identify common challenges, 3) split into break-out sessions discussing how the working group could help overcome these challenges. This would form the basis for proposed projects for the working group.

Following the first working group meeting, infoDev could advertise for a “permanent” facilitator of the working group. This could be an individual or an organization with extensive background in promoting the start-up and growth of agribusiness enterprises, and the motivation and acumen to facilitate a working group. The working group would then be asked to develop a concrete action plan for the next year, with key milestone deliverables set for completion by the Global Forum in Helsinki (30 May – 3 June 2011). The overall agribusiness program outputs and the discussion at the Global Forum would then be used to formulate the phase 2 action plan for the working group, effective June 2011 to June 2012.

**PROJECT DURATION**

ASSESSMENT OF GLOBAL GOOD PRACTICES IN AGRIBUSINESS INCUBATION

OBJECTIVES

The Global Good Practices Assessment on Agribusiness Incubation should yield an “actionable” report for developing countries looking to stimulate value added agribusiness SMEs. It should compare business incubation to other means of promoting the creation and growth of value added agribusiness SMEs and clearly specify lessons learned and good practices based on an assessment of “mature” agribusiness incubators in developing countries. The report will be used as a stand-alone product, and as an input for iDisc.net (infoDev’s web-based toolkit for business incubator managers) and the Agriculture Innovation Sourcebook. The report will also be used as a critical input to the design of the Agribusiness Incubation Training Module and the Agribusiness Incubation Model for Africa.

IMPLEMENTATION APPROACH:

The assessment could be done by selecting a minimum of seven “mature” good practice business incubators and technology parks in developing countries for assessment. In addition, since there are 11 business incubators in Nigeria who are members of the infoDev network that specify agriculture as their focus, a country assessment could be carried out in Nigeria specifically. The assessments would document:

- The services and facilities provided to the agribusiness entrepreneurs, including how – if at all- 1) access to new technologies and commercialization of them is facilitated and 2) ICT is utilized to increase access to information, know-how and markets, and enhance transaction efficiencies.
- The outputs of the business incubator measured by the number of enterprises created, the size of them (in terms of annual turnover and the number of employees), the innovativeness of the enterprises, the tax revenues and any export revenues generated by the enterprises, and the overall development impact of the enterprises and the incubator/technology park. This analysis should be presented in the context of the competitiveness of the agricultural sub-sector and efficiency of the agricultural value chain of the enterprises. It should also be clearly documented how the business incubator contributed to the creation and acceleration of the enterprises.
- The context of the incubator/tech park in terms of the immediate business environment and the innovation and entrepreneurship eco-system
- The entry criteria and selection process for the incubatees, the exit criteria for the incubatees, and the services provided by the business incubator
- The business model and its evolution over time. i.e. how was the start-up phase funded? how are the current operations funded? What is the break-down between earned and non-earned revenues? What has the historical pattern been? What is the prognosis for the next 5-10 years?
- Thoughts from the incubator manager or the Board on what they would have done differently if they were to start from the beginning
- As a preparatory step for the SME Internationalization Program – assess the internationalization potential and readiness of the SME success stories, and the readiness of the business incubators to assist the SMEs in the internationalization process.

To the extent possible, the assessment should evaluate the cost-effectiveness of business incubation vis-à-vis other approaches in the respective countries analyzed.
The final deliverables would be a summary report and a set of 3 video case studies. The summary report should include:

- A summary of the main categories of tools that can be used to enable the start-up and growth of value added agribusiness SMEs, positioning business incubation as one of these tools. The summary should illustrate the pros and cons of these tools, under what circumstances the respective tool would be an effective choice, and the cost-benefit of the options (3-5 pages)
- A summary of the success in using business incubation and technology parks to create value added agribusinesses (8-10 pages)
- A summary of challenges business incubators and technology parks face in this industry (8-10 pages)
- A summary of good practices agribusiness incubation (10-15 pages)
- A summary of alternative business models in agribusiness incubation, the pros and cons of them, and the conditions required to make them work (10-15 pages)
- Annex:
  1. Case studies on each of the 7 cases selected (8-10 pages each)
  2. Collection of 35 SME success stores (1-2 pages each) At least 5 enterprises success stories from each of the incubators/technology parks (success is here defined as innovative value added agribusinesses that have been started and at a minimum have broken even and have been operational for a min. of 3 years)
  3. Internationalization readiness (8-10 pages) outlining the potential and readiness of the SME successes and the incubators for internationalization

The 3 video case studies should be of incubators and incubatees illustrating the potential and process of agribusiness incubation and of ICT in facilitation of agribusiness. They should be in a similar style and format to infoDev’s past business incubator case studies produced by All Rise Films Inc.

**PROJECT DURATION:**

July 2010-December 2011
DEVELOPMENT OF A TRAINING MODULE ON AGribUSINESS INCUBATION

OBJECTIVES

The agribusiness incubation training module should be an effective “how to” course for business incubator managers and stakeholders interested in designing a new agribusiness incubator or strengthening an existing one. The training module should consist of a Trainer and Trainee manual, as well as Trainer’s slides. The possibility of creating an online training module will also be explored. The module would be a specialized “add-on” to infoDev’s state-of-the-art business incubator training program, which currently comprises 11 modules. It could also be repurposed for the use of donor staff who are including agribusiness incubators as project components.

IMPLEMENTATION APPROACH

The training module should be developed on the basis of the Global Good Practice Assessment, illustrated above. The training module should walk the trainee through the steps required to set up a successful agribusiness incubator. It should be clearly outlined what type of successes can be expected, and what common mistakes have been in the establishment of agribusiness incubators. Concepts should be illustrated by practical examples drawn from agribusiness incubator failures and successes. A set of templates for various aspects of the agribusiness incubation planning process and operations should be included.

Upon infoDev’s approval of a first draft of the training materials, the materials should be sent for external review to a minimum of two experts approved by infoDev for detailed comments. Two rounds of feedback with the external reviewers is expected, along with a final review by infoDev. As part of the finalization of the training module, the consultant should deliver a 3-day pilot training to 20-30 members of infoDev’s community of agribusiness incubators. This pilot training should include parallel sessions catering to those that are a) interested in planning an agribusiness incubator and b) those that are interested in strengthening the effectiveness and/or sustainability of their existing agribusiness incubator. The pilot should also be used to as a “train the trainer” session, training a minimum of five infoDev business incubation trainers in delivering the training module. Systematic feedback should be collected from both the trainees and the trainers, and incorporated into the draft Trainer and Trainee manuals and slides before they are finalized. The final deliverables should include a Trainee and Trainer Module along with Trainers’ slides, following the “look and feel” of infoDev’s existing business incubator training program. The consultant should also provide a recommendation as to what materials, if any, lend themselves to online training.

PROJECT DURATION

December 2010 – June 2011
AN AGRIBUSINESS INCUBATION MODEL FOR AFRICA

OBJECTIVES

The purpose of this activity is to develop an agribusiness incubation model for African economies that have the potential to effectively compete in an agribusiness sector. The model should be designed in such a way that a country’s or region’s stakeholders could easily adapt it to its local environmental context. A significant element of the final deliverable is therefore a practical methodology that a country’s stakeholders could use when assessing whether or not incubation is a suitable approach in the given context, and when planning an agribusiness incubator for their community. The model design should leverage the Agribusiness Incubation Good Practice Assessment, the Agriculture Innovation Systems Source Book and the ICT in Agriculture Source Book. The final deliverables of this activity are a) the model and b) feasibility assessments, draft business models and implementation recommendations for four African countries, namely Mozambique and Tanzania, as well as two additional African countries to be identified. The execution of the final deliverable should include a capacity building component leveraging the Agribusiness Incubation Working Group and the Agribusiness Incubation Training program.

COUNTRY SELECTION

The donor has already identified Tanzania and Mozambique as two of the target countries for this activity. During the concept note consultation process, the following countries were identified as additional potential countries conducive to an agribusiness incubation pilot: Benin, Botswana, Ghana, Kenya, Mali, Nigeria, Uganda, South Africa and Zambia. Amongst these, only Kenya, South Africa and Zambia are amongst the donor’s partner countries. Scoping missions will therefore be carried out to Kenya and Zambia first to assess the potential for agribusiness incubation there. If one or neither appears to be conducive locations, another country/countries will be assessed.

IMPLEMENTATION APPROACH:

In order to develop an agribusiness incubation model that could work for Africa, it is necessary to understand the agricultural value chains and the innovation and entrepreneurship eco-systems of the target economies. If the full value chain for a particular crop is not understood, one could easily waste resources by enhancing one part of the chain, while a fundamental link is missing. As stated by the World Bank, “African markets have quite different structural features across different value chains and in different economic contexts. These differences are created by the relative distribution of road and transport infrastructure, by the relative distance to principal urban or export markets, and by the relative efficiency in assembling commodity supplies and supply chain management and coordination.” The Agriculture and Rural Development Department of the World Bank (ARD) and other organizations have already carried out a vast amount of research on both agricultural value chains and innovation systems in Africa. This activity should therefore start with desk research reaching out to relevant specialists to synthesize these findings, and identify 2-3 agricultural value chains with high growth potential in the target countries. This desk research, potentially along with scoping missions to fill gaps/obtain updated information, and the Agribusiness Incubation Good Practice Assessment, will then form the basis for carrying out the feasibility assessments in the four target markets.
A detailed feasibility assessment should be carried out to identify whether the necessary pre-conditions are in place to leverage business incubation to promote innovative enterprise growth in the identified value chains. Building on infoDev’s lessons learned in carrying out such feasibility assessments, these assessments should assesses

1. the state and nature of existing agribusiness enterprises in the target market,
2. the demand for services amongst the target market,
3. the availability of human capacity that can be leveraged to deliver the needed services,
4. the level of public and private sector interest and potential support for an agribusiness incubator,
5. the presence of a potential “local champion” that could drive the implementation locally,
6. the general business environment, particularly with respect to government regulations and the availability of financing and labor for value added agribusiness enterprises.

In the process of conducting the feasibility assessment, the team will also identify inefficiencies in the target value chains that could be reduced with innovative ICT solutions. It will be assessed whether or not the business incubator could potentially play a role in extending the needed ICT solution. Any information on opportunities for innovative ICT solutions will also be provided to infoDev’s Mobile Applications Lab and ICT business incubation community at large.

Lessons should also be drawn from the IFC’s SME Linkage work to see how a business incubator could be leveraged to build relationships with larger enterprises that could benefit from the existence of competitive local agribusiness SMEs as suppliers.

As part of the feasibility assessment, the project team should assess whether or not there are existing institutions in the target country that would have the capacity and interest to add agribusiness incubation as a service area. Building on an existing institution would greatly reduce implementation risk and time required to set up the business incubation services.

Following the feasibility assessments, concrete business models for each country should be developed. These business models should outline 1) the target sector 2) the services to be delivered 3) suggested selection criteria for incubatees and measurements of success 4) the potential partners that could be leveraged 5) the sources of dealflow and 6) a 10 year budget and projected income statement.

In the process of conducting the feasibility assessments and developing the proposed business models, the Agribusiness Incubation training should be delivered, benefitting stakeholders in the 4 countries (the training should be hosted in Tanzania and Mozambique to leverage the larger budget allocations for these countries).

Following the completion of the targeted business models for the four target markets, a methodology will be developed that African stakeholders can use to assess a) whether or not business incubation is a good choice given their goals, their environment, and the resources available, and b) how to go about planning and implementing an effective business incubator. A model will also be included that allows stakeholders to adjust the input variables to adapt it to their local context.

---

4 As part of the Creating Sustainable Businesses in the Knowledge Economy program, infoDev will be launching a Mobile Applications Lab in Africa to assist mobile applications entrepreneurs with starting and scaling their businesses. infoDev’s ICT business incubation community currently comprises 137 business incubators.
PROJECT DURATION:

October 2010 – December 2011

Geographical Coverage

<table>
<thead>
<tr>
<th>Activity</th>
<th>Geographic Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Working Group</td>
<td>Global</td>
</tr>
<tr>
<td>Good Practices in Agribusiness Incubation</td>
<td>Global</td>
</tr>
<tr>
<td>Training Module on Agribusiness Incubation</td>
<td>Global</td>
</tr>
<tr>
<td>Feasibility Assessments, Business Models and Capacity Building for</td>
<td>Tanzania, Mozambique and two additional African countries</td>
</tr>
<tr>
<td>African Agribusiness Incubators</td>
<td>Potential countries include Benin, Botswana, Ghana,</td>
</tr>
<tr>
<td></td>
<td>Kenya, Mali, Uganda, South Africa, Zambia</td>
</tr>
<tr>
<td>Explore the potential to include agribusiness elements in other</td>
<td>Cambodia, Nepal and Vietnam</td>
</tr>
<tr>
<td>regional and country-based business incubation activities in Asia and ECA</td>
<td></td>
</tr>
</tbody>
</table>

Expected outputs and outcomes

As illustrated in the table below, the direct outcomes of the agribusiness program in 2010-2012 will primarily be increased capacity amongst entities seeking to enable agribusiness entrepreneurship. The increased capacity of these entities will in turn contribute to achieving three development objectives:

1) Increasing sustainable income generating opportunities
2) Increasing agricultural productivity and competitiveness
3) Increasing the proportion of the price paid by end-consumer that is retained by developing countries for products they produce, for instance by increasing market access and efficiencies along the value chain and expanding local value added agro-processing.

During the course of implementing the agribusiness program, infoDev will explore the feasibility of developing an agribusiness entrepreneurship business line that will serve to assist developing countries with the planning, design and implementation of agribusiness incubators.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Outputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Working Group</td>
<td>• Community of practice</td>
<td>• Increased know-how and know-who amongst agribusiness incubators leading to more effective business incubators</td>
</tr>
<tr>
<td></td>
<td>• Collection of lessons learned and success</td>
<td>• Increased visibility of infoDev in</td>
</tr>
<tr>
<td></td>
<td>stories from agribusiness incubation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• B2B linkages</td>
<td></td>
</tr>
</tbody>
</table>
### Good Practices in Agribusiness Incubation

- Report
- Success stories (=advocacy material)
- Video case studies
- Chapter for the Agriculture Innovation Sourcebook
- Content for idisc

- Increased know-how amongst entities working to enable the start-up and growth of agribusiness enterprises
- Increased awareness and know-how amongst donor agencies and governments leading to increased support for agribusiness incubation

### Training Module on Agribusiness Incubation

- Trainer and trainee manual
- Trainer slides
- Pilot training
- ToT of 5 infoDev trainers

- Increased know-how amongst entities working to enable the start-up and growth of agribusiness enterprises

### Africa Business Incubation Model

- Methodology for planning, implementing and scaling agribusiness incubators in the African context
- Customized and targeted business models for agribusiness incubation in 4 African markets leveraging the latest good practice

- Increased know-how amongst entities working to enable the start-up and growth of agribusiness enterprises in Africa
- Increased awareness and know-how amongst donor agencies and governments leading to increased support for agribusiness incubation in Africa

### Risks to Implementation and Sustainability

At this stage, the agribusiness program only includes knowledge and capacity building outputs. This risks associated with this program are therefore minimal, primarily limited to identifying the appropriate experts who are qualified and available to work with infoDev to deliver high quality outputs. A potential Phase II of the program, which would include for example, the implementation of the agribusiness incubators in the African countries assessed as part of this program, would entail a range of risks associated with the establishment of a new venture and a new model that would need to be tested in the marketplace.

### Knowledge Dissemination

Globally, knowledge outputs from the Program will be disseminated through idisc.net, infoDev’s web-based business incubation toolkit, which receives more than 10,000 visits per month from 150 countries, the agribusiness working group, the Agriculture and Rural Development Department of the World Bank, the Agribusiness Department of the International Finance Corporation, as well as through the project partners identified during the course of the program design. As discussed above, infoDev’s Global Forum on Innovation and Entrepreneurship which draws more than 1000 participants from more than 50 countries, will also be a key dissemination channel for the outputs. The Global Forum is scheduled for May 30th-June 2, 2011 in Helsinki, Finland.

In Africa, infoDev will kick-start its regional dissemination at the “Agribusiness Forum 2010” hosted by EMRC in Kampala, Uganda on October 3-6, 2010. Partners in Agribusiness Forum 2010 include FAO, Rabobank, USAID, EC,
Stanbic Bank, Winrock International and others. infoDev will also hold workshops in each of the four African target markets and pilot the Agribusiness Incubation Training Program in one of these markets.

**Partnerships**

In the process of developing this concept note, infoDev has consulted the Agriculture and Rural Development Department of the World Bank, the Agribusiness Advisory Services of the International Finance Corporation, the Food and Agriculture Organization, the Bill and Melinda Gates Foundation, UNIDO, the ICRISAT Agriculture Business Incubator, Technoserve, and the Alliance for a Green Revolution in Africa.

infoDev very much welcomes partnerships as we move forward with the implementation of the Agribusiness Program. Individuals and organizations can participate by:

- Becoming a member of the Advisory Panel for the Agribusiness Program
- Participating in the agribusiness working group
- Serving as a peer-reviewer for the TOR and/or the final project document for the Agribusiness Incubation Good Practice Assessment, Training Module and/or Africa Agribusiness Incubation Model
- Suggesting case studies for the Agribusiness Incubation Good Practice Assessment and/or Training Module
- Becoming an implementing partner for the implementation of agribusiness incubators in Africa.