



AGRF 2016 – CROSS CUTTING WORKING SESSION REPORT

Day 5 - Friday, September 9

11:00am- 12:30pm

Cross Cutting Working Sessions

Agribusiness Incubation: Nurturing Enterprises for the Future

SESSION BRIEF

Context: Increasingly across Africa there has been recognition that family farming units, SMEs and agribusiness start-ups require mentorship, counsel and support to be successful. Creating agriculture focused “incubation” programs has emerged as a useful methodology to support such enterprises. These incubation programs offers incubates lifetime opportunities by identifying, networking and linking them to reputable mentors to guide them through their career growth. In addition, they serve as institutions for placement where incubates get real life and practical realities of the businesses they aspire to venture into. More importantly, these play a critical role in youth engagement and retention in the sphere of agribusiness and the agriculture value chain as a whole.

Session Objectives: This session sought to: i) Share insight on successful innovations in agribusiness incubation for jobs and wealth creation, particularly for SMEs in agriculture and agricultural value chains, and ii) Provide a platform or Community of Practice (CoPo) to further the AGRF discussions and resolutions. Examples came from co-organizers: AgriProFocus and the African Agribusiness Incubation Network.

Key Issues/ Questions:

- Which are the success factors of effective agribusiness incubation? Both at the level of the new agribusinesses (education level, innovative financing, entrepreneurial attitude, etc.), and at the level of the support system for incubation (e.g. finance, capacity building including curricula development, networking, placement, etc)?
- Which are the key bottlenecks for agribusiness incubation in the African context?
- What can be done to address these bottlenecks? What is the role for multi-stakeholder platforms, private sector, financing bodies, for international networks, for African governments, for international actors?
- Can audience / organizers agree on next steps in jointly addressing these bottlenecks?
- How can agribusiness contribute to the mitigation and reduction of the growing unemployment crisis?
- What are the existing models of incubation that have been shown to address the crisis of unemployment?
- How can these successful models be replicated or scaled up?

Outcome Desired:

- Share key lessons learnt within the 11 country AgriProFocus multi-stakeholder network for agri-entrepreneurship since 2005;
- Share key lessons and best practice from African Agribusiness Incubators Network (AAIN), a continental network of focused on agribusiness incubation spanning 54 countries. AAIN has so far supported 20 incubators and incubator hubs- creating over 15000 jobs. Under the Agribusiness Incubation Agenda for Africa, AAIN plans to have 108 incubators across Africa by 2020;
- Provide opportunity for participants to learn about successful innovations in agribusiness incubation and



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<p>models of incubation, particularly for SMEs in agriculture and agricultural value chains;</p> <ul style="list-style-type: none"> • Knowledge sharing across the continent – best practice shared between east, west and southern Africa; • Key stakeholders agree on how to jointly address major bottlenecks for agri-business incubation; • Key stakeholders engage and contribute to the advancing, development and validation of the successful models for agribusiness incubation. <p>Organizer(s): AgriProFocus and the African Agribusiness Incubation Network</p>
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Name	Picture	Discussion
<p>Mr. Peter Githinji, Manager, Africa Agribusiness Incubation Network (AAIN)</p> <p>Role: Moderator</p>		<p>Mr. Githinji opened this working session by stating that from his view point, having worked in the incubation space for many years and all over the world, this session on agribusiness incubation was particularly important as today we are experiencing rapid growth in population and increasingly limited resources in Africa, so our food security requires that we be more innovative and productive in the very near future to avoid catastrophe.</p> <p>In shedding light on the theme of this session, he acknowledged that the majority of startups do fail. At the same time, there are a lot of youth who are joining the job market with no jobs and are thus unemployed. These youth are an important potential human capital resource; they are creative and take risks. If we do not nurture them and give them direction they can become at risk.</p> <p>Creating jobs is easy but creating quality jobs isn't. When we talk about incubation, we recognize there is a need to create jobs and create wealth. We need an ecosystem that takes good ideas and turns them into sustainable businesses, which not only turn a profit but have a social impact, creating jobs.</p>



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<p>Dr. Alex Ariho, Director, Africa Agribusiness Incubation Network (AAIN)</p> <p>Role: Setting the Stage</p>		<p>As the founder and manager of AAIN, it was appropriate that Dr. Ariho Set the Stage for the working session. In his opening remarks he explained that the Africa Agribusiness Incubation Network (AAIN) provides services to startups across the continent.</p> <p>AAIN works to create jobs and wealth through the incubation of startups and mentorship of youth entrepreneurs. You cannot successfully incubate without creating an enabling network and ecosystem for entrepreneurship. They provide mentorship and guidance on running a sustainable business and their approach is unique in that it is a market led incubator.</p> <p>Why nurture enterprises? To date, a still large percentage of the African population is unemployed. 40% is aged between 15 to 35, which presents huge potential for productivity.</p> <p>AAIN aims to grow and sustain the businesses that will employ the future. The ‘ecosystem’ today isn’t producing graduates that can start businesses. AAINs engagement with an agripreneur is at the beginning, providing a framework for startups which increases chances of success.</p> <p>Practically speaking, to engage youth in the industry there must be education on other parts of the value chain so that they can see where they fit into it.</p> <p>We should not just solely try to take youth into the production level of the value chain, engage them in other areas as well.</p> <p>How do we create an ecosystem that is enabling for agribusiness. Education is not enough, financing and innovative technology is also critical. We must engage African governments to support the shaping of an enabling ecosystem/environment that allows the private sector to develop on the continent.</p>
Panelists		



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<p>Mr. Sander Mager, Managing Director, AgriProFocus</p>		<p>Mr. Mager joined the discussion next and spoke about what struck him the most over the course of AGRF, the need for innovation. “It’s not just about doing things better, but doing better things.”</p> <p>We need entrepreneurial business perspectives, that turn opportunities into real sustainable businesses. Innovative ideas, coupled with an entrepreneurial mindset can have an enormous social impact. As a network they have learned that an ecosystem approach is key. The challenges faced by entrepreneurs are ongoing.</p> <p>AgriPro Focus brings all the important players together and fosters linkages and partnerships, leadership and learning. Now they are focusing more of their efforts on providing post incubation support, for SME’s that want take their enterprise to the next level.</p>
<p>Mr. Niall Saville, Partner - Tanzania, Dalberg</p>		<p>Mr. Saville opened his remarks by saying that Dalberg is a strategy advisory company that works in the agriculture space among others. He emphasized the importance of an ecosystem approach to incubation.</p> <p>The unfortunate reality is that 80% of these start-ups won’t be successful and won’t have a social or monetary return, which can be a challenging figure to present to a development partner.</p> <p>“When we talk about innovation, it’s about people.”</p> <p>It’s not enough to say, that you have a great idea and a great product, you need committed people, the right knowledge and adequate financing. Realistic targets and measures are also equally important for the evaluation of an enterprise.</p> <p>Ultimately, relationships are the key to success and agripreneurs are no different, they need partners to flourish.</p>



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<p>Mr. Sam Turyatunga, CEO, Tursam Investments Ltd, Uganda</p>		<p>Mr. Turyatunga, a young businessman from Kampala, Uganda was the next panelist to speak during this session. He graduated from university as CEO of his own company. He started his business, Tursam Investments, while still in university. He went through an incubator, which made a huge difference for his juice business.</p> <p>He was studying agriculture, but had a particular interest in adding value to fruit. By the time he graduated he was earning \$300 USD per month and employing two people. He now makes \$6000 USD per month and employs 10 people. When he graduated his company was producing 58L per week, now he's at 2000L per week.</p> <p>Mr. Turyatunga is now at a point where he needs finance to scale up his SME so that they can keep up with demand. He is understaffed, and finance would allow him to take his business to the next level. He recently got certification, which has allowed him to export to other countries.</p>
<p>Mr. Brian Mwanamambo, Director AgBIT, Zambia</p>		<p>In following the comments of Mr. Turyatunga, Mr. Mwanamambo stated that his incubator, AgBIT, was one of the first incubators of any sort when it was founded in Zambia and is now the leading agribusiness incubator in the country. Their portfolio includes 1,600 farmers, 60% women and 40% youth.</p> <p>Not all succeed, but they are proud to support them, because a number of them do succeed and they are a testament that it is possible to make agribusiness a viable business.</p> <p>AgBIT aims to transform farms into profit making businesses and they are expanding their reach one community and one cluster at a time. They use a market led approach, support skills and capacity development and help facilitate access to finance.</p> <p>Safety issues, consistency, efficiency and scale are all areas addressed when serving startups. Farmers who are successful, demonstrate to other farmers in their communities that there is big business in agriculture and there has been a mindset shift from subsistence farming to business minded thinking.</p>



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Ms. Maureen Munjua,
Country Coordinator,
AgriProFocus, Kenya



Ms. Munjua was the final panelists of this session, but the theme she chose to focus on – public private collaboration – was very important. Specifically, she expressed her belief that there is a need for greater collaboration between government, the private sector and NGOs to foster the optimal environment for incubation to flourish. She also stated that she felt that it was also very important to identify trendsetters in the sector to learn their best practices.

She also echoed the sentiment of her fellow panelists that the agriculture narrative needs to change and agriculture needs to be looked at from an enterprise development perspective and money needs to be injected into the places that are growing.

She closed by commenting that her company, AgriPro Focus is currently conducting a mapping exercise to look at what has worked, what hasn't worked toward focusing more on what will work in developing new incubation methods based on these findings.

Q&A + Additional Comments

Dr. Alex Ariho: Good governance and management is central to successful incubation. Sustainability is key, the uniqueness of market led incubators is that they are more sustainable. From an ecosystem standpoint, connecting African incubators is very important.

Questions from Floor:

Q: AfDB, through various initiatives, is looking to enable youth, and get youth back into agribusiness. The Bank is looking to invest into a number of countries, and already 30 countries have requested investments. Questions: What specific support did Sam get from his incubator? Was it administrative support, seed capital? Are they still providing support?

Q: Now that agribusiness has become popularized, university students are now interested. However their mindset isn't right. They are thinking about getting employed, and are not entrepreneurial. The education system is churning out agribusiness graduates with no entrepreneurial spirit.



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Answers from Panelists:

Dr. Alex Ariho: Engaging national governments is important now more than ever and the private sector is also needed to invest in incubation. We need a revolving fund. We also need donors who understand the nature of incubation, and how returns may not be realized from all startups. In incubation, income sources must be clear from the start.

Mr. Sam Turyatunga: . . . on specifics about incubation support received - He wanted to make fruit juices that have an extended shelf life so that he can sell to larger retail outlets. He took a course, provided by an incubator, that taught him how to package and ensure his juices last for 6 months. He also used some of their machinery for juice processing. After this his sales were tripling, and he used his profits to invest back into the business to purchase his own machinery.

Mr. Brian Mwanamambo: . . . on the sustainability of incubators: In his experience, the incubator must be run and managed as a business. Otherwise you become dependent on donor and grant money. Incubators deal with SMEs and startups who are some of the riskiest and work to make them fundable. For sustainability, private sector partnerships are important whether they are equipment suppliers, packagers, processors, etc. In the case of his organization, AgBIT, 30% of their income is from donor funds, the rest is their own.

Dr. Alex Ariho: We must increase investment in agribusiness incubation. We have to also strive to help create jobs for the growing agribusiness and agriculture sector and help de-risk incubatees so that they become more bankable. We need to think about agribusiness. Africa must work and cooperate with different partners.

Summary

Throughout the discussion, the need for collaboration between government, private sector and incubators was the key point that was stressed. In this ecosystem, the approach to improving the environment for an agripreneur is the need for the education system to catch up and educate students on how to start and run their own enterprises. Also it is very important to note, the need for capacity building services post incubation of a startup. As in the case of Sam, he has a successful business but could use capacity building services to scale his business to the next level.

Recommendation

During the thematic working groups, the idea of a compact was discussed. In that discussion, we determined that to actively engage government in fostering this ecosystem for agri-preneurship, we must first identify policy challenges that present barriers for youth to start businesses and have heads of state at the AU meeting in early 2017 sign said compact that commits them to taking certain actions that will improve the ecosystem from a policy standpoint. It was recommended that we move forward with this idea and work with various NGO's to identify what the greatest policy hurdles are in every country on the continent and draft a compact to take to heads of state.