From Pilot to Scale: Shared Value Creation for Inclusive Agribusiness

Insights from CASA Technical Assistance Facility 2019-2024

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TechnoServe
Business Solutions to Poverty

CASA
Commercial Agriculture for Smallholders and Agribusiness

Who should read this report and why

This fourth paper in the Commercial Agriculture for Smallholders and Agribusiness (CASA) Technical Assistance Facility's learning series explores shared value creation as a growth strategy. It examines how to catalyse shared value models, their impact, what it takes to achieve sustained adoption, and how recent trends such as digitisation and innovative financing models can support scaling inclusive models. The paper aims to support:

Donors and investors:

TO UNDERSTAND:

- **Where and how to deploy limited investment and technical assistance resources** to maximise inclusive and green growth
- **What kind of returns and impact can be generated** through shared value strategies
- **What emerging technology and finance solutions** can create shared value at greater depth and scale **with appropriate support**

Agribusiness leaders:

TO UNDERSTAND:

- **How to identify and access opportunities that create shared value** for your business and smallholder suppliers and/or customers
- **What kind of returns and impact can be generated** through shared value strategies
- **How to leverage technical assistance** to derisk investment into inclusive growth

Technical Assistance Managers and Practitioners:

TO UNDERSTAND:

- **How to select businesses with potential to pilot and scale shared value models**
- **How to design interventions that create tangible value** for the business, intermediaries and farmers
- **How to maximise chances of achieving sustained adoption** of an inclusive business model

Section 1

Introduction

Agribusinesses play a central role in the economic life of the world's 550 to 600 million smallholder farmers, and are therefore a critical point of leverage for investors, donors and governments looking to drive inclusive and green growth in low and middle-income countries (LMICs). But agribusinesses typically struggle both to access capital and to deploy it in ways that create shared value due to perceptions of high risk, long investment horizons, and intensive management needed to navigate challenges. In Sub-Saharan Africa alone, there is an estimated annual finance gap of at least $75[1] billion among agribusiness, and $36[2] billion among smallholder farmers. Given the scale of this gap, there is an urgent need both to drive more financing towards agribusiness, and to ensure that the financing that does reach this level flows effectively to smallholders[3] in ways that create maximum development impact by driving sustained improvements in smallholder productivity, quality, cost and risk.

The Commercial Agriculture for Smallholders and Agribusiness Technical Assistance Facility (CASA TAF), funded by UK International Development and implemented by TechnoServe, was launched in 2019 to address these challenges. CASA TAF provides Technical Assistance (TA) to help agribusinesses access the capital they need to grow, and to deploy this capital to inclusive and green growth strategies. CASA TAF's approach is to work hands-on with businesses to pilot and scale shared value models and, in so doing, influence the expectations of businesses, investors, donors and governments around the impact and returns that can be generated by investing into smallholder-inclusive agribusiness.

Drawing on more than five years of work supporting 40+ agribusinesses in 15 investor portfolios, this paper examines shared value creation as an agribusiness growth strategy and provides our insights both on what agribusinesses can do to maximise their potential, and what investors and donors can do to support. We outline:

What **shared value creation** in the smallholder agriculture sector is	How to **identify compelling shared value opportunities**	How much **commercial value** can be created
What level of **social impact** can be generated	How to **pilot and scale shared value models**	Where **new technology and financing mechanisms are creating opportunities to drive inclusive growth at greater scale**

1 "The state of the agri-SME sector – Bridging the finance gap", ISF Advisors, 2022
2 "Pathways to Prosperity: Rural and Agricultural Finance State of the Sector Report", ISF Advisors and Rural and Mastercard Foundation Agricultural Finance Learning Lab, 2019
3 Considered broadly in the form of products, services and/or finance

CASA TAF has had notable successes in using this approach to influence investments of over $300M towards inclusive and green growth, but much more needs to be done, and over a longer time-period, to unlock transformational investment into the smallholder agriculture sector. Our experience shows that platforms like CASA TAF can play a critical role in this journey, by supporting the design, delivery and monitoring of shared value creation initiatives, and by sharing knowledge between businesses, investors and donors. As the knowledge base grows, trends are becoming clearer and the potential to use this knowledge to build inclusive and investible markets that can attract transformational investment is increasing. Now more than ever, it is vital to catalyse private finance towards inclusive and green growth that can address the intensifying and interlinked challenges of poverty and climate change.

CASA TAF in a Snapshot

Approach

CASA TAF typically begins its technical assistance to agribusinesses with a short diagnostic, called an Inclusive Business Plan (IBP), that identifies and prioritises innovation and growth opportunities with high potential to create commercial value and smallholder impact. Where a compelling opportunity is identified, CASA TAF builds an investment and implementation plan in close collaboration with agribusiness management that includes a targeted package of technical assistance to de-risk the investment and maximise the chances of a successful pilot. CASA TAF then manages technical assistance and monitoring and evaluation during the pilot phase, with the aim of providing a clear proof of concept that opens a pathway to scale, leveraging commercial funding.

Range of businesses

To date, 40 agribusinesses have been supported with TA, with 22 agribusinesses going on to implement models co-developed with CASA TAF and two agribusinesses pending outcomes of the inclusive business planning process. Figure 1 provides a breakdown of the portfolio, while Figure 2 illustrates the distribution of supported businesses by geography and sector.

Figure 1: Overview of CASA TAF portfolio

Model**	Model description	Typical sectors	No. businesses		Comments
			TA	Implementation*	
Inclusive sourcing	Agribusiness provides guaranteed offtake, farmer support and/or inputs to SHFs it buys from.	Generally found in high-value sectors (usually a single sector) – especially when quality is a focus.	32	16*	Inclusive sourcing models often also provide inputs, while inclusive distribution models often find they need to address access to markets to sell products and ensure value to the farmers.
Inclusive distribution and farmer services	Agribusiness sells products/services to SHFs - and associated farmer support - which can enhance farm revenues and profits.	Most often cross-sector in low-value commodity sectors, which represent the bulk of what SHFs are growing.	6	4* (2 pending)	
Tech-enabled ag platforms	Cross-cutting model focusing from the start on both sourcing and distribution and associated farmer support		2	2	Relatively new model with few examples to date.

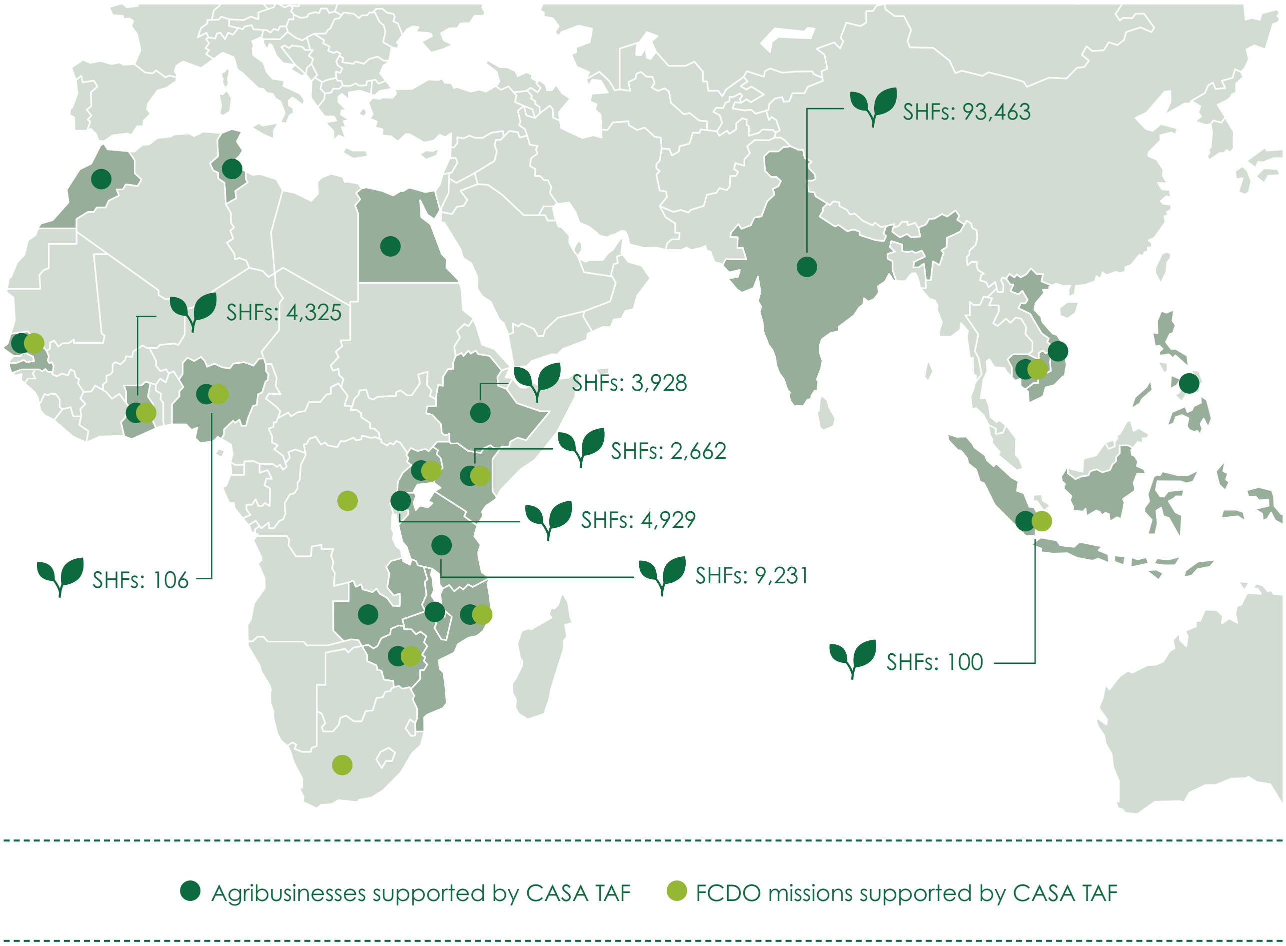
*Some businesses were supported with TA but did not go on to implement either as a result of a CASA TAF recommendation (for example, due to limited commercial case, competing core business constraints or limited development impact) or the business deciding not to proceed (due to dynamics discussed in Section 3). In some cases, where CASA TAF has recently started supporting companies, implementation hasn't yet started and the decision to implement is still pending. The conversion rate was lower in the TAF's inception phase and during Covid restrictions. Post-Covid—and for the latter half of businesses supported—the conversion rate has been approximately 70% and likely to be higher once all decisions have been made.

**CASA TAF does not, at this stage, cover inclusive retail models (for example, bottom of the pyramid markets and micro-retailer models).

Range of locations

CASA TAF has worked across 22 countries to date across Africa, South Asia and South-East Asia, providing TA to agribusinesses in 20 of these as well as advisory services to a wide range of FCDO missions.

Figure 2: CASA TAF portfolio by sector and geography



Section 2

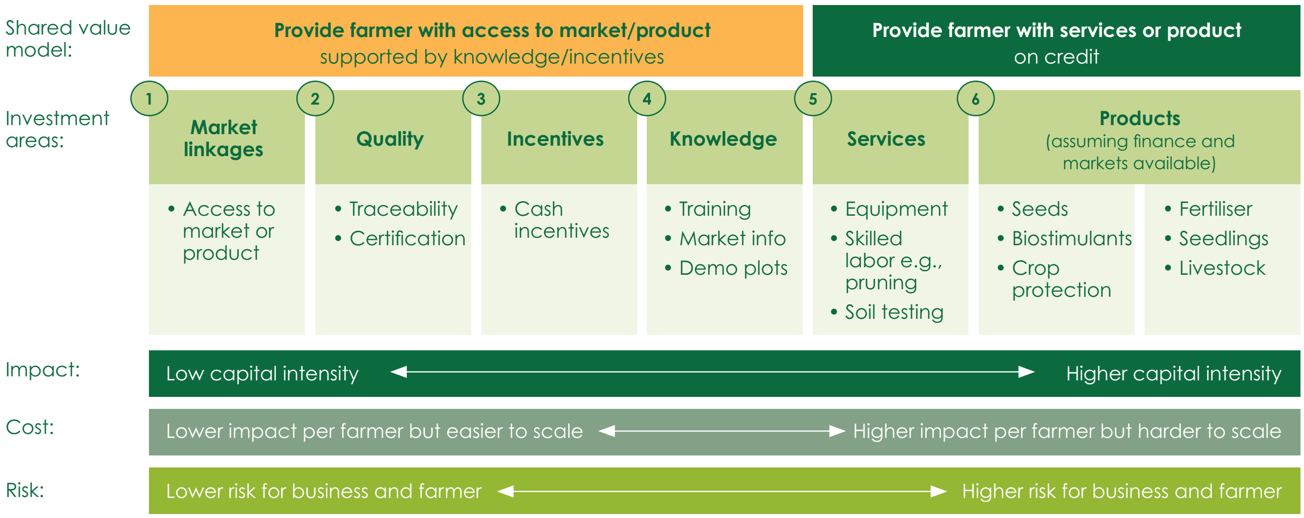
Key takeaways

What is shared value creation?

- **Shared value creation is a business growth strategy** that maximises the development impact of limited investment into the smallholder agriculture sector by pursuing revenue growth and margin expansion opportunities that directly increase smallholder farmer incomes by enhancing their productivity, improving commodity prices, reducing their production costs, and/or mitigating their production risks
- **Technical Assistance (TA) can facilitate shared value creation** by helping businesses to both access capital ("pre-investment TA") and deploy it ("post-investment TA") in ways that drive measurable improvements in commercial, social and climate impact
- **Shared value creation can catalyse sustained changes** in the business models of innovative, growing businesses and create impact at scale through individual business growth and imitation within sectors; donor-funded TA can derisk upfront investment into shared value opportunities at relatively low cost and over a short time period with impact crystalizing over a 3-7 year time period

How to identify compelling shared value opportunities?

- **Agribusinesses can pursue two fundamental types of shared value strategy,** one driven by providing SHFs with knowledge and/or incentives, and the other centred around providing SHFs with credit
  - Providing SHFs with knowledge/incentives, combined with access to market or product: generally focused on improving crop marketability or quality, this strategy is typically lower risk and can achieve higher scale but lower impact per farmer
  - Providing SHFs with services / products on credit: often focused on driving productivity, this strategy typically drives higher impact per farmer, but is harder to scale due to greater cost and risk for the business and farmer



- **Typically inclusive sourcing businesses in high-value sectors (e.g., export crops) have potential for higher per-farmer impact** but at a lower scale, whereas inclusive distribution businesses and ag-tech platforms have greater potential for scale but lower impact per farmer
  - Opportunities for inclusive sourcing businesses often centre on leveraging third party delivery and finance, enabled by innovative technology, to drive greater scale
  - Opportunities for distribution businesses and agtech platforms often focus on provision of products or services on credit to drive greater depth of impact
- Across all types of agribusiness, there are typically opportunities to test innovative technology and financial solutions to drive higher per-farmer impact at greater scale

What kind of commercial value can be created?

- **In CASA TAF's experience, an expected commercial return over a five-year period of 1.5-3.0x investment into fixed costs typically provides sufficient incentive for agribusinesses to invest in inclusive growth,** provided the right technical assistance is given upfront to derisk the initiative; investments that enhance business model resilience (e.g. through reduced risk of supply chain disruption) can also attract investment although ROI is harder to estimate
- **Our insights at this stage are based on a growing portfolio of businesses, with a mix of actual and projected commercial and impact data.** Careful tracking of pilot results will strengthen the evidence base on the level of return that inclusive investment can achieve with strong design and delivery, and is the critical pathway for increased sector-wide investment into technical assistance

What level of social impact can be generated?

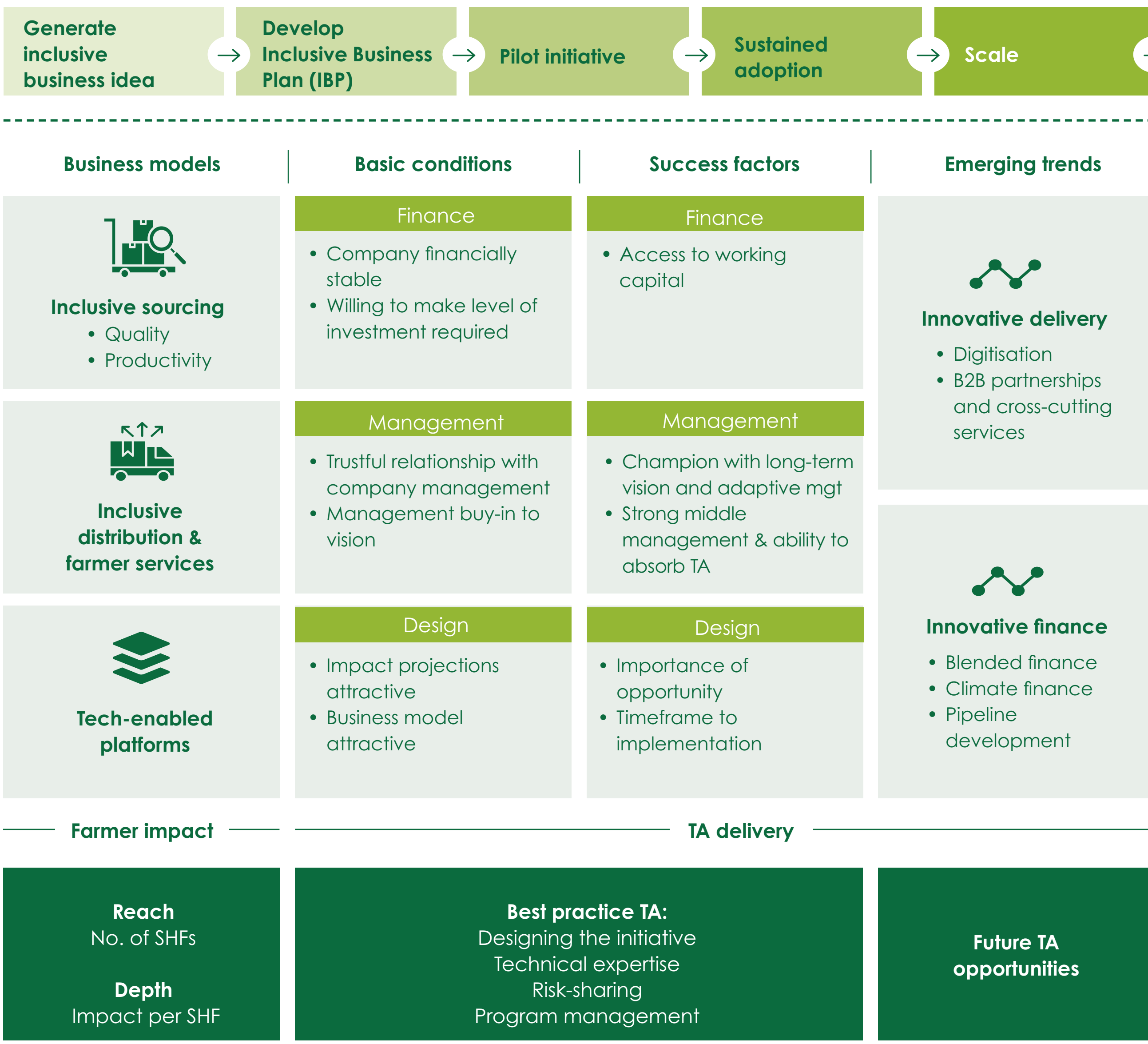
- **Farmer reach is around 3,000-10,000 farmers per agribusiness** on average, with financial benefit per farmer generally around $50-250 annual incremental net income within the lifetime of the project and $200-1000+ at maturity

- **Expected financial benefits typically represent a 3.0-4.0x ROI on TA spend,** but inclusive sourcing models have deeper per farmer impact potential while distribution/agtech models can reach higher scale – driven by the underlying shared value strategy; this evidence base can already begin to define minimum impact expectations for agri-businesses, donors, and investors of what a good technical assistance project should deliver

How to pilot and scale shared value models?

- **CASA has identified a graduation path for inclusive business models, from idea to scale** including basic conditions for success, sustained adoption and scale (see Figure 3).

Figure 3: Graduation path of inclusive business model from idea to scale



- **Clear upfront assessment of inclusive growth opportunities**, such as CASA TAF's Inclusive Business Plan (IBP) process, is foundational for piloting shared value models that have the potential to create transformational impact at scale for farmers, businesses, and sectors
- **Reaching sustained adoption and scale is not easy:** around 25% of businesses can be expected to drop out between planning and piloting, as can another 25% between piloting and sustained adoption
  - Basic conditions for a successful pilot include having a robust design with attractive commercial and smallholder impact; a strong, trust-based relationship with management; and sufficient financial health of the underlying business
  - Key success factors in graduating from pilot to scale include proven traction in commercial impact, strong and adaptable middle management guided by a long-term vision, and sufficient access to working capital
- **Agribusinesses should iteratively test shared value opportunities,** staggering investments over time to mitigate risk and improve return on investment while creating meaningful incentives for the business and smallholders to participate in the model longer term; this also creates greater opportunity to engage with partners, including government, around enabling factors such as policy

How can we unlock more impact at scale?

- **Emerging trends in technology and finance – including digitisation, blended finance and climate finance – do not offer a quick fix to the challenges observed** but they do hold potential to driver deeper impact at greater scale from shared value models, for example:
  - Digitisation of farmers, intermediaries and service delivery partners can reduce company cost to engage and finance farmers
  - B2B partnerships and cross-cutting services can increase farmer knowledge and efficiency at low cost to the business
  - Blended and climate finance can expand the pool of investible agribusinesses and incentivise the adoption of green and inclusive business models
- **Donor investment in these areas can help to develop learnings and success stories,** to influence investment and policy towards these models over time

The path forward

- **Platforms like CASA TAF can play a critical role** in speeding the innovation cycle by supporting the design, delivery and monitoring of shared value creation initiatives, and by sharing knowledge between businesses, investors and donors. Because a platform can support businesses over a sustained period, insights on what works can be fed back for immediate implementation, unlocking inclusive and green growth opportunities at greater depth and scale
- **The potential to use data to build inclusive and investible markets that can attract transformational investment is increasing.** While our insights at this stage are preliminary, general trends are already beginning to emerge, and as monitoring progresses the evidence base around achievable returns and impact will strengthen, driving new investment into the sector and transforming farmer livelihoods at scale

Section 3

Shared value creation

In CASA TAF's context, shared value creation means developing win-win business models that make commercial sense for agribusinesses while also delivering benefits to SHFs. CASA TAF's strategy supports businesses in accessing commercial value sources, while identifying creative ways to generate sustained social value. For SHFs, benefits may include more secure or higher-paying markets, extension services or access to new inputs or financial products. For agribusinesses, shared value strategies can enhance returns and de-risk investments. Shared value models matter because they:

1	Can identify untapped value that can be created and shared between business and SHFs
2	Replace the idea that corporate social responsibility (CSR) is charity, or "win-lose", and have stronger potential to engage agribusiness senior management
3	Can attract commercial capital more readily than traditional CSR initiatives, making them more likely to be scaled with private capital or blended finance models
4	Create a stronger and more sustainable "licence to operate" for businesses and investors working alongside communities than traditional one-off CSR initiatives
5	Are increasingly demanded by consumers especially in some niche European and US markets

Shared value as a business growth strategy

In CASA's experience, agribusiness senior management tends to be most focused on (profitable) growth, whether within a stable, supportive environment or when there is a need to adapt in times of crisis or change. Business growth is generally achieved through a number of traditional, "transactional" approaches such as expanding geographical footprint, signing a new aggregation or distribution partner, finding new clients/customers through a bigger sales team, increasing marketing or expanding to new products and services.

A shared value strategy is different. In SHF agriculture, this approach enables businesses to achieve growth by directly improving SHF incomes and resilience. By fostering deeper engagement with farmers, businesses can drive increased production volumes, secure better prices, reduce production costs, and mitigate risks like those posed by climate shocks. While traditional approaches are generally less risky and capital-intensive for businesses, they may also leave value on the table and be less sustainable for the medium and long terms.

There are various reasons businesses may look beyond traditional growth levers. For example, some may be hitting the limits of sourcing or sales of a mature product, while others may be realising that success in growing the sourcing or distribution of an innovative or impactful product will be constrained unless they address the fundamentals of their SHF supplier or customer base. Shared value opportunities can be combined with traditional growth levers.

Key commercial drivers for implementing inclusive business models include:

Inclusive sourcing

- **Increasing volume by improving productivity and/or reducing post-harvest loss and waste in the supply chain:** Increasing suppliers' yields often promises significant volume growth and typically offers the highest financial upside for both the business and farmers. However, it is also expensive, difficult, and takes a long time to deliver impact.
- **Increasing quality and traceability, including accessing new certifications:** Improvements in quality have the potential to pay back more quickly, though the ultimate impact can be lower than for productivity-led strategies.

Inclusive distribution and farmer services models and tech-enabled agriculture platforms:

- **Increasing sales volume through reaching new customers:** Typically offers the potential to reach large numbers of SHFs more quickly than inclusive sourcing models can, but there tends to be lower value per farmer for the business[4].

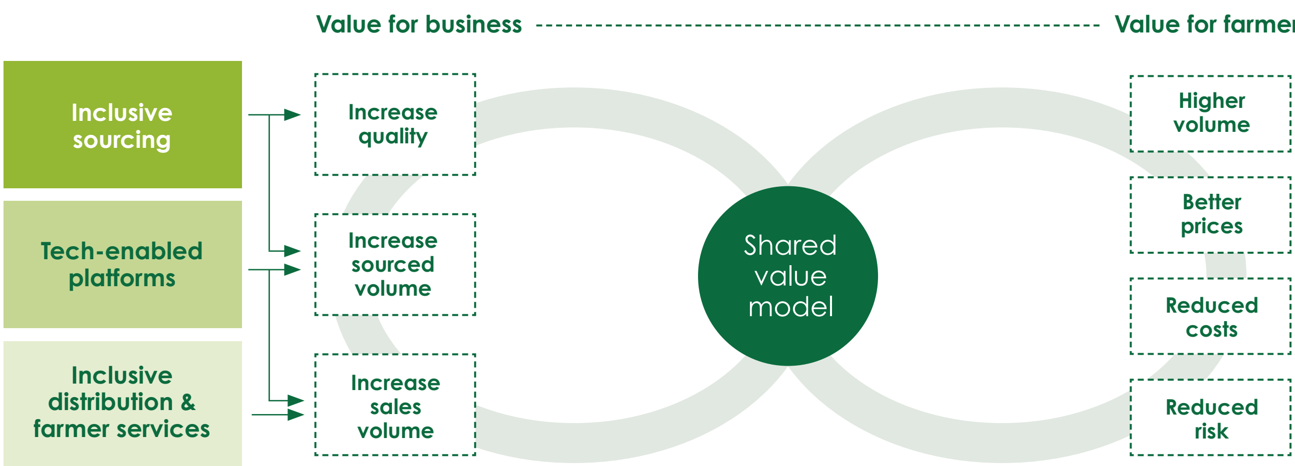
Cost reduction opportunities—on their own—tend to be limited, as agribusinesses generally feel they are already optimised for cost at their current scale and given the capital realistically available to them. However, in some cases, there are opportunities to access scale efficiencies as the business grows.

Figure 4 shows the key drivers of value for businesses and farmers in shared value models. Overall, analysis of projected business impact, based on the CASA TAF portfolio, suggests company return on investment of around 1.5 - 3x investment over a 5-year period is sufficient to incentivise companies to proceed.

Not all inclusive models need donor support. Business dynamics, regulatory or broader enabling-environment pressures, and owner/manager values may create incentives; and where businesses have access to the right information and talent and low-cost capital (e.g., rates enjoyed in developed markets), they can pursue these kinds of strategies without donor subsidy. However, many businesses in African agriculture–particularly small and medium-sized enterprises (SMEs)— face systemic constraints around knowledge, talent and capital which make it very challenging to invest in inclusive growth. Even where the business does pursue a shared value strategy, it can pose a major operational and financial risk. Where the business case is marginal and/or the risks are very high, there is a strong need and justification for donor-funded TA facility support. This is discussed further in Section 4.

[4] Projections in CASA TAF portfolio data suggest that distribution models typically have lower EBITDA per farmer than sourcing models

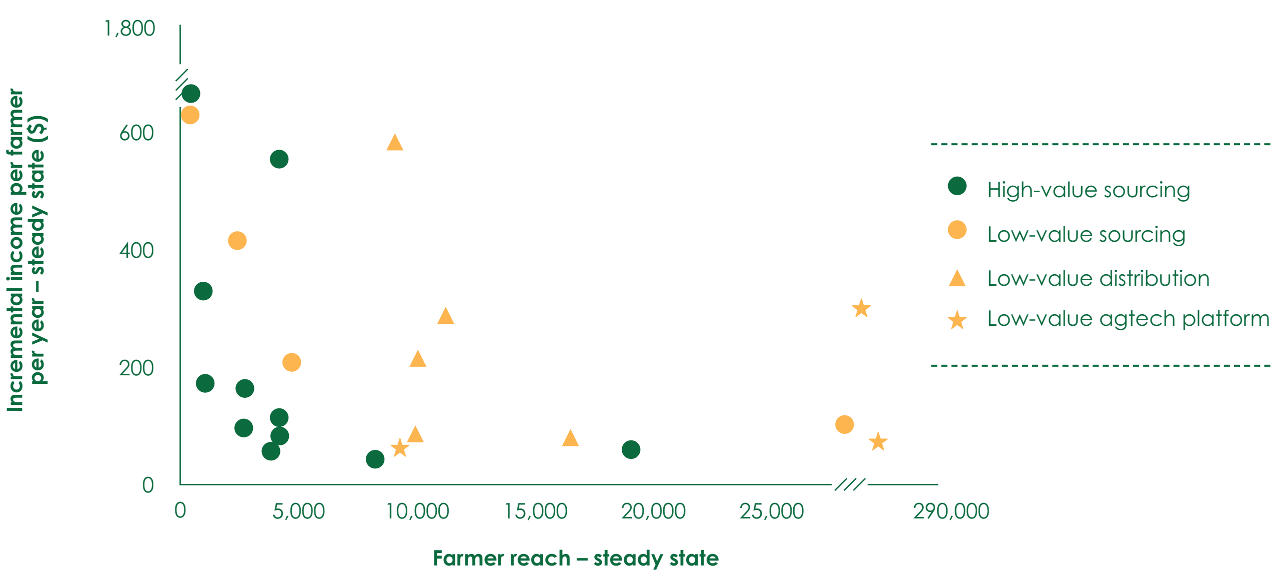
Figure 4: Key drivers of value for businesses and farmers in shared value models



Drivers of SHF impact

The farmer impact opportunity can be broken down into farmer reach (how many farmers the initiative impacts) and depth of impact (what is the additional value created per farmer). Figure 5 below shows how farmer impact data can be mapped per business according to the characteristics of the different businesses. While the dataset is still small and based on future projections, general trends can already be seen beginning to emerge. Over the medium-longer-term, gathering and analysing realised impact and a wider data set will enable deeper insights to allow more innovative and effective support of these models.

Figure 5: Farmer income vs. farmer reach (steady state) - by business model



Source: CASA TAF analysis based on IBP projections. Where different initiatives within a single IBP have different impacts on different farmer segments, these are captured separately.

Farmer reach typically depends on the business model, sector, and size of the business. Distribution, farmer services, and tech-enabled platforms tend to have higher reach than sourcing models, though they can have lower or more uncertain impact per farmer. High-value sectors can sometimes offer lower farmer reach, although this varies depending on how many SHFs in the country grow the crop and whether large-scale SHF sourcing is incentivised or required by government regulation (for example, coffee and cocoa can offer high reach whereas vegetables and niche cash crops typically have lower reach). At a basic level, larger businesses often have the capacity to reach more farmers (though they are likely to do so indirectly, through third-party aggregators or distributors). On average, in the CASA TAF portfolio, farmer reach per IBP is around 3,000-10,000 farmers, though there are cases where the planned reach is much higher (for example, in our CASA TAF portfolio, planned reach is 200,000 for DeHaat, an Indian ag-tech company).

The depth of impact depends more on the level of capital intensity and engagement with SHFs. Capital-intensive engagements generally generate deeper impact per farmer but tend to have a lower reach due to limited finance available for scaling these models. Opportunities to address the higher capital intensity of initiatives with deeper impact per farmer to scale them are discussed further in Sections 4 and 5. On average, in CASA TAF's experience, the financial impact per farmer is generally around $50-250 annual incremental net income within the lifetime of the project and $200-1000+ in a steady state.

Many projects also increase SHF climate resilience, for example, by promoting regenerative agriculture practices that minimise the impact of extreme weather events like floods and droughts and supporting crop diversification to mitigate risks. While the impact of this can be difficult to quantify, the financial difference between a poor harvest and a completely failed one can be hundreds of dollars to the farmer.

We can rank initiatives at farm level from typically lowest input and impact to highest input and impact, as presented in Figure 6 below. Figure 7 shows how this plays out in practice, using analysis of IBP projections for the CASA TAF portfolio.

Figure 6: Farmer impact by initiative

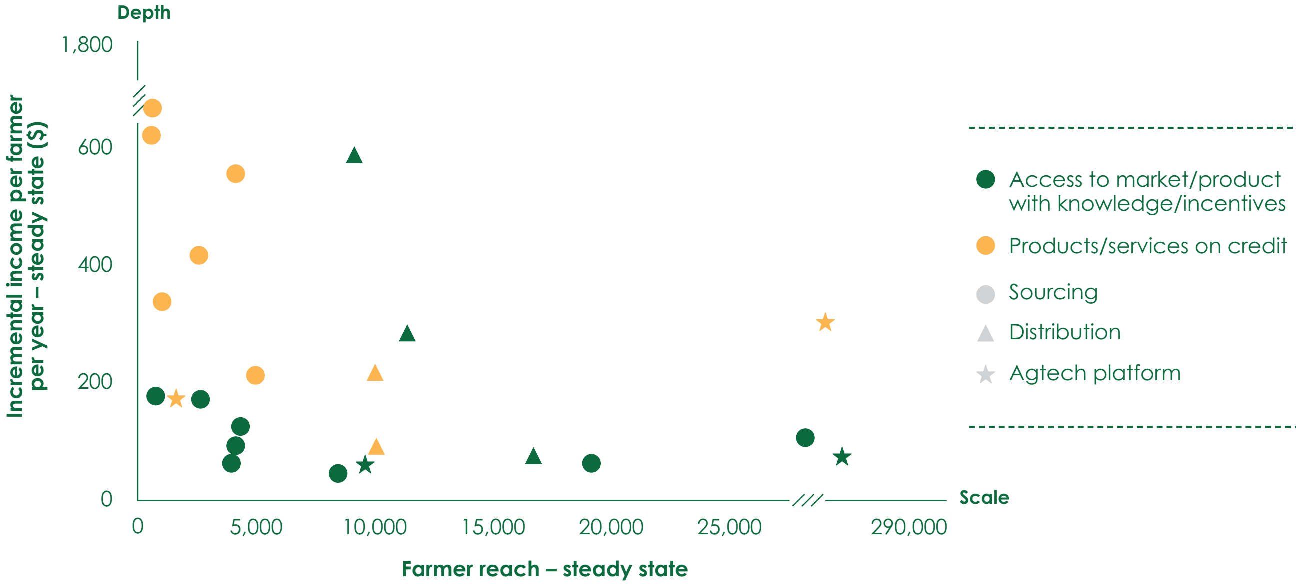
Lower capital intensity ↔ Higher capital intensity

Lower impact per farmer but easier to scale ↔ Higher impact per farmer but harder to scale

Lower risk for business and farmer ↔ Higher risk for business and farmer

Market linkages	Quality	Incentives	Knowledge	Services	Products (assuming finance and markets available)	
• Access to market or product	• Traceability • Certification	• Cash incentives	• Training • Market info • Demo plots	• Equipment • Skilled labor e.g., pruning • Soil testing	• Seeds • Biostimulants • Crop protection	• Fertiliser • Seedlings • Livestock

Figure 7: Farmer income vs. farmer reach (steady state) - by initiative



Within CASA TAF's portfolio, projected cost per farmer for an inclusive business model is approximately three times as high in high-value sectors as it is in low-value ones, and for sourcing vs. distribution ideas—and even with higher donor subsidy, the company cost is still twice as high. This reflects the typically smaller farmer numbers over which costs are spread and typically deeper engagement in higher value sectors and sourcing models vs. distribution models. The two lowest cost (per farmer) initiatives in the portfolio are an ag-tech platform and a distribution model. Based on projections, on average, the donor/TAF contribution to the cost of implementing the IBP is expected to generate a return of around 3-4x incremental farmer income in a single year once in a steady state; this represents the high leverage of private sector funds but needs to be weighed against implementation risks inherent in this model. ***Click here to see a more detailed account of our work with Sucafina.***

Sucafina – a case study in segmenting farmers

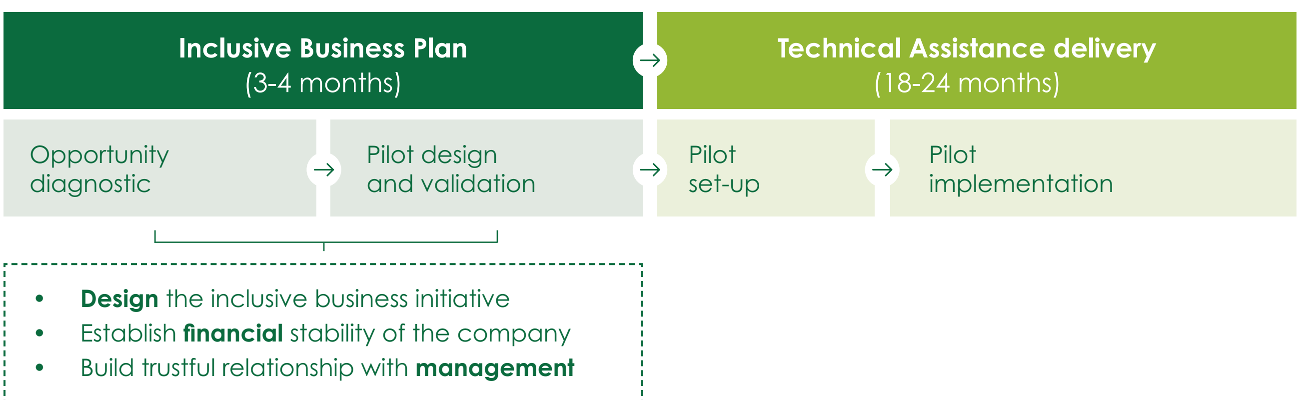
Sucafina, a global coffee trader, faced challenges in expanding its sustainability initiatives in Tanzania due to the unpredictable regulatory environment and the complexities of working with coffee cooperatives, known as agricultural marketing cooperative societies (AMCOS), which face challenges that affect their performance and overall ability to support SHFs. Acknowledging the risks and challenges in maintaining long-term relationships with the AMCOS needed to drive coffee quality and volumes, the IBP focused on designing a SHF loyalty programme which could gradually deepen Sucafina's engagement with reliable cooperatives while limiting its engagement with those identified as higher risk. As cooperatives progress through the loyalty programme, they become eligible for larger investments from Sucafina to enhance coffee quality, volume, and sustainability. For example, at the 'silver' loyalty level, cooperatives can access wet-mill equipment loans, and at the 'gold' level they receive tailored agronomy advice, technical support and/or financial incentives. The initiative is expected to benefit up to 40 cooperatives and over 15,000 SHFs, with 5,643 farmers reached so far. Farmers in cooperatives at the highest tier of the loyalty program could potentially increase their annual incomes by up to $276.

Section 4

Conditions for sustained adoption

CASA TAF considers development of an IBP a critical tool for designing shared value initiatives and the right level of risk-sharing support. An IBP is an analysis that diagnoses smallholder supplier or customer challenges, identifies an inclusive growth opportunity for an agribusiness to address them, and quantifies the value of that opportunity for both the agribusiness and its smallholder suppliers or customers. The IBP maps out an 18- to 24-month pilot plan, including a package of TA to ensure high-quality delivery and mitigate risks to both the agribusiness and smallholders. The IBP involves intense work by embedded experts over 3-4 months to understand the business realities and organisational capacity and culture, and then assess multiple opportunities per business, with prioritisation of the best one or two for detailed development. The process is laid out in Figure 7 below. The role of the IBP is not only to develop an impactful design that makes business sense for the agribusiness, but also to establish the financial security of the company and ability to finance the plan's activities, and—perhaps most importantly—to establish a trustful relationship with management on which the ability to provide ongoing support is built.

Figure 7: Inclusive Business Plan and TA process



Sustained adoption means continued implementation of the IBP over several years, even when challenges arise (for example market shocks and leadership changes) and any external TAF support ends. Sustained adoption is a continuous process; it is crucial to deeply integrate shared value practices into core business strategies, ensuring they become a fundamental part of business operations rather than one-off projects. Generally it takes at least two or three years after implementing a pilot to reach sustained adoption.

The inherent risks of commercial non-viability or lack of impact in IBPs can lead to 'no go' decisions, which are valuable in their own right, as they prevent poor investments and TA funding errors. CASA TAF has learnt to "fail fast" when no interesting opportunity can be identified—due to low impact and high risk—and apply learnings to future projects.

Overall, it appears that 75% is a realistic stretch target for the share of IBPs that reach the pilot stage, and 75% of those plants piloted result in sustained adoption. It is important to recognise the complexity of the work and mixed incentives: if the initiatives were already strongly commercially attractive, there would be no additionality for the TAF. The target should not be set so high that it incentivises picking obvious winners and it should allow for exploration of work with some smaller or riskier enterprises and ideas. Market conditions, fundamental changes in core assumptions underpinning a model, and new management/leadership can all affect sustained adoption. For example, sustained adoption of an inclusive business model around a vanilla processor in Tanzania was negatively affected by declining and then relatively low prices during the pilot period, limiting the company's ability to generate surplus cashflow that was critical to invest in a relatively capital-intensive growth initiative; and limiting farmer incentives to invest in the crop. Whilst this risk was identified upfront, the grant funding being targeted to support scale up of the model fell through which ultimately pushed the company to source from other geographies in the region where the vanilla market is more established. In Ghana, introduction of an e-levy dramatically affected the viability and scalability of a direct sourcing model for a cocoa processor.

The graduation path of an inclusive business idea through to implementation at scale can be considered in stages, as laid out in Figure 3 above. Each stage has its own considerations and success factors which can be addressed by donors and TA programmes to maximise chances of success. CASA TAF has recently achieved a conversion rate of over 70% which may increase still further as pending IBPs move into implementation.

From planning to pilot: Basic conditions

Certain basic conditions—particularly in the areas of finance, management, and design—must be met to initiate an IBP pilot, as outlined in Figure 8. Where these are not all in place, IBPs have not moved into piloting and/or have moved to piloting and then halted. CASA TAF's experience suggests that, over time, it becomes easier to avoid launching pilots when conditions for success are not in place, but due to the volatile external environment and lack of complete information, it is not realistic to expect there will not be any drop-outs during the piloting phase. In some cases, it is possible to address the lack of these conditions.

Figure 8: Basic conditions for IBP implementation

Area	Condition	Challenges experienced	Mitigation
FINANCE	**Company financially stable (is solvent and not in financial difficulty)**	• Agribusiness declared bankruptcy (either at international parent company level, or level of in-country business entity) or ran into financial difficulties	• Generally, out of scope to address so focus should be on identifying any issues early through investor due diligence and/or IBP process (less likely if it is a global company and TA team does not have access to parent company data) • Even more important in pre-deal TA where no investor due diligence has yet been conducted

Area	Condition	Challenges experienced	Mitigation
	Agribusiness willing to make level of investment required and accept risks	• Business model is positive but the agribusiness is unwilling to take on the risk and/or unwilling or unable to make the investment required	• Explore financial innovations like blended finance, matching grants, guarantees, and coverage of upfront costs to share initial risks
MANAGE-MENT	**Trustful relationship with company management**	• Business not sufficiently engaged in IBP process • Insufficient data provided to proceed • Ethical concerns with company or management	• IBP model already designed to encourage trustful working relationship through 3-4 months close work co-creating IBP, especially where consultant is co-located in agribusiness team
	Management buy-in to vision	• Change of strategy and/or change of management can result in IBP not being signed-off and implemented, despite prior interest from the company	• Engage and align Board members and senior management team in case main champion leaves. Communications focus on alignment of the IBP to the broader strategy or roadmap and potential revenue contribution of the IBP implementation to the overall business
DESIGN	**Impact projections attractive**	• Impact too low for donor to support	• Explore all possible options to increase depth or scale of impact through IBP process • Share with other parties that might be able to support for example, local NGO programmes
	Business model attractive	• Economics of model do not make sense once analysed for example, inclusive sourcing models in low value sectors often don't make sense; in general, inclusive models make most sense in countries where there is an established private sector and investment-friendly environment	• Generally, not possible to address once all possible options have been explored through IBP • In some cases, can be addressed through changing availability and/or cost of capital for example, through blended finance solution, and/or through new risk-sharing mechanisms • Broader enabling environment issues such as sector-specific regulations and challenges could be addressed at TAF level (see Section 4 for further details)

From pilot to sustained adoption: Key success factors

If these basic conditions are met, then an IBP will generally progress to pilot stage. However, for implementation to be sustained, an additional set of success factors need to be in place, particularly in the key areas of finance, management and design, as laid out in Figure 9 below.

Figure 9: Additional success factors for successful implementation

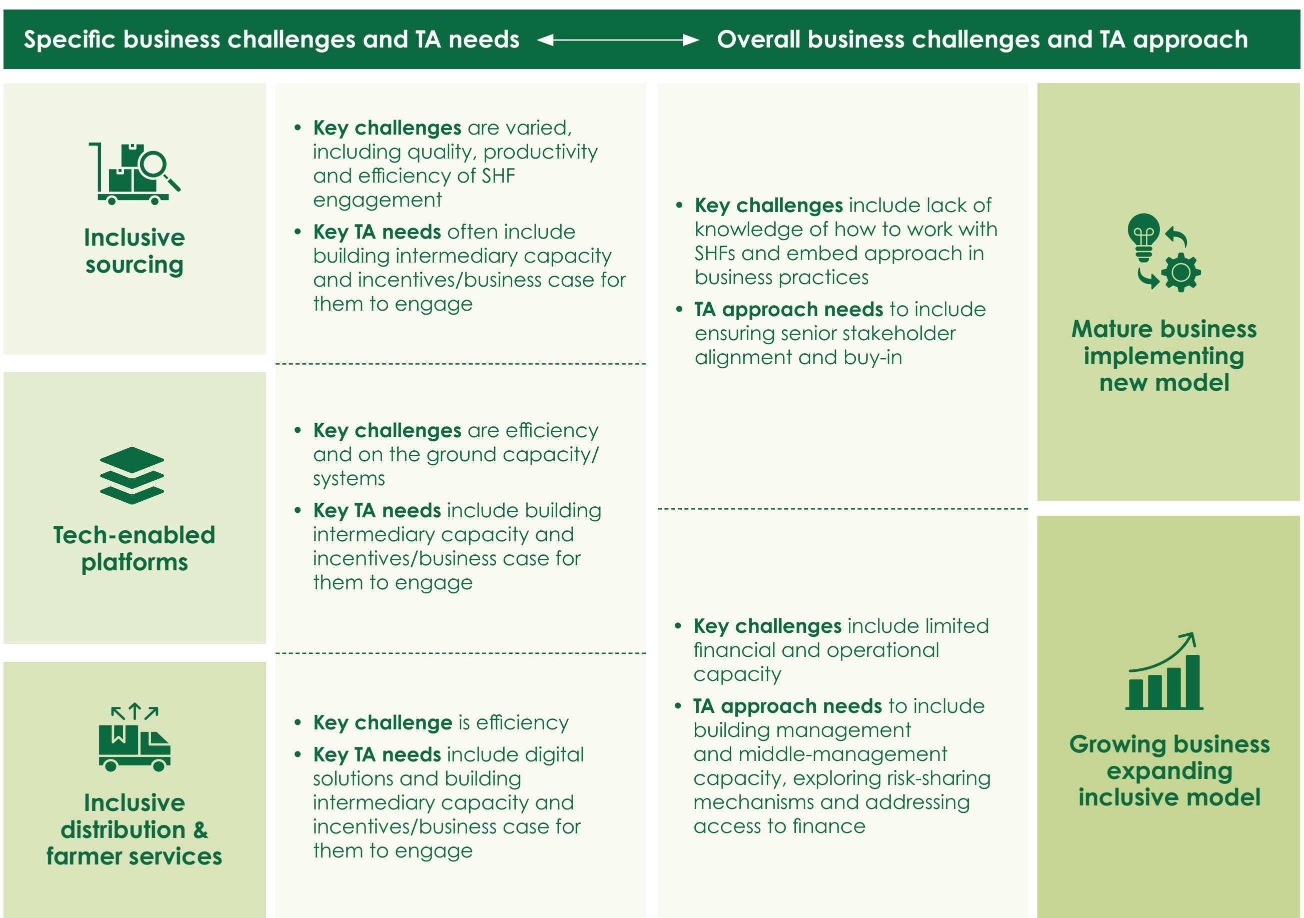
Area	Success factor	Comments
FINANCE	**Access to working capital**	• Lack of affordable working capital is a key barrier, even for businesses that have DFI investment; addressing this gap would improve businesses' ability to grow their models and buy more from more farmers. See Section 5 on suggestions for how blended finance solutions can help to address this barrier. We anticipate sharing further insights and recommendations on this topic in future learning papers. • **Example:** CASA TAF supported a company to develop a technology platform to help optimise sourcing processes and speed up SHF payments. During the process it became clear that one of the drivers for late farmer payments was a lack of working capital (the company was already over-leveraged so could not raise more debt, but at the same time was not an attractive candidate for equity finance). Without a financing solution, the ability of a technology platform to help the situation was limited.
MANAGE-MENT	**Champion with long-term vision and willingness to adapt; ongoing trustful relationship**	• In an inherently volatile environment, there needs to be trust and transparency to enable CASA TAF to support management to adapt the plans when challenges arise. • **Example:** One processor, on learning that the economics of the crop they were promoting were less attractive than anticipated in certain geographies, developed a strategy of multi-crop, multi-year contracts to incentivise the farmers to engage with them.
	Strong middle management and ability to absorb TA	• Since the shared value project is implemented through the business, it is important that the levels of resources and talent required at different levels of the business to implement successfully are in place. • An assessment should be made of senior and middle management engagement and capacity as both are critical success factors for sustained adoption and determine how fast the project can move. • In some cases, agribusinesses need to build out human resources centrally and/or in the sourcing areas and may require new training of these staff—and cost-share to demonstrate the case for new resources with certain level of expertise—to implement the project.
DESIGN	**Importance of the opportunity relative to the overall business**	• If the business benefit is positive but not important enough, the idea may be dropped at the first difficulty. In some cases, conditions "force" the business to adopt the new strategy, for example by policies that require it or by a change in environment that makes their current model non-viable. In other cases, the benefit needs to be significant relative to overall company revenue. • **Example:** Samanu, an edible oils processor in Ethiopia that had previously been refining imported crude oil shifted to building its own SHF supply chain for raw materials due to price increases of imported goods and supply chain disruptions, compounded by forex issues. • **Example:** CASA TAF is supporting a fresh fruit exporter to export avocados; exports could realistically account for 65% company revenue in three years. Conversely, when a new management team took over an animal feeds producer, a direct sourcing programme was deprioritised just a few months after the IBP was endorsed. Estimated incremental EBITDA of ~$230k after 5 years just wasn't compelling enough to convince them to take on the risk and operational complexity involved.
	Timeframe for implementation	• TA projects that take more than four or five years to pay back typically don't work for agribusinesses, as the businesses don't have access to patient capital to support an initiative over this timeframe. It is important to ensure that new inclusive models are scoped over a shorter timeframe—generally 3-5 years—and TA is structured accordingly. In most cases, projects should breakeven by year two or three, taking into account grant contributions.

Section 5

TA approaches and lessons learned

CASA TAF's approach of developing an initial IBP helps to make sure that the basic conditions and key success factors are in place. Where they are, interventions by donors and TA providers can improve incentives and increase adoption levels, particularly by off-setting early costs and mitigating initial risks until the model is proven and reaches a steady state. Support needs are linked to business model (sourcing, distribution and farmer services or tech-enabled platform), and also to business maturity (mature business focused on a new inclusive initiative, or growing business scaling an existing inclusive model). The business model affects the specific focus of the TA, while business maturity affects the way the CASA TAF team engages with the business and higher-level organisational and financial challenges. Key challenges and support needs by segment are outlined in Figure 10.

Figure 10: Challenges and needs by business model and maturity



Best practice TA delivery covers five key areas, as discussed below. These include: designing the initiative through IBP development; delivering technical expertise; risk-sharing; flexible and adaptive project management; and underlying TAF structure and resources.

Designing the initiative through IBP development

Because of the capital intensity required to generate high impact per farmer, it is very difficult to attain over large numbers of farmers. A core focus of CASA TAF, and value provided by the team at design stage (and on an ongoing basis), is identifying ways to reduce cost per farmer for higher impact models through innovative delivery and financing models, drawing on global experience and lessons learned, to increase chances of success and enable higher reach (see also Section 5).

Innovative delivery models consider who delivers an initiative and how delivery is achieved. Typically, agribusiness' own staff delivering an initiative is the costliest approach, while it can be cheaper to partner with third parties such as agents and farmer groups or cooperatives. CASA TAF frequently supports companies (whether investing in sourcing, distribution or ag-tech platform models) to build the capacity of intermediary actors and build incentive structures for the intermediaries to engage with that particular company. These models are expected to be sustainable, based on CASA TAF's support to identify the right intermediaries, structure the right relationship and provide the right capacity building support.

Secondly, direct in-person delivery of knowledge, services, and products is also highest cost, while digital delivery and to a lesser extent "phygital" (a blend of physical and digital) can be much more cost effective at scale (note though at low scale, digital or phygital can often be more expensive).

Innovative financing models address challenges in which the company directly pre-finances input or services costs and the lack of sufficient finance and/or risk appetite is a major barrier to scale. More innovative and scalable structures include engaging banks, micro-finance institutions, and savings groups to cover or share these costs – though in practice these models can be very challenging to implement, especially beyond pilot size. Other innovations include blended finance and climate finance opportunities (discussed in Section 5).

GENDER IN INCLUSIVE BUSINESS MODELS

Developing truly inclusive business models requires considering the role of women, who typically make up over 50% of the agricultural labour force. There appears to be a strong business case for women's participation in inclusive business models: for example, increasing women farmers' productivity has the potential to significantly boost the consistent, quality supply of crops, while increasing opportunities and protection for women can increase attendance and retention, contributing to a more loyal and motivated supplier base. Nevertheless, women are often overlooked and underserved. Many agribusinesses struggle in practice to prioritise the effective inclusion of women SHFs in their supply chains, and the commercial case for more investment in gender-responsive business practices is not always clear to them from the outset.

We have found some of the following principles to be helpful in engaging agribusinesses to identify and explore opportunities for investing in gender-responsive business practices that can generate value for the business, women, and men farmers.

Frame gender initiatives within the context of the business problem or opportunity: Engagement can be enhanced by discussing the gender angle in business terms and explaining how it contributes to overall growth for the business. For example, when engaging with a rice mill in Nigeria, CASA TAF framed the gender discussion around a broader problem statement about increasing volume of paddy to maximise the mill utilisation rate and improving access to certified rice seed varieties, asking questions such as: What percentage of existing suppliers/growers are women? What prevents farmers from producing good quality paddy (are these challenges the same for women and men)? What would help to increase volumes or quality? If women are playing a significant role in your supply chain, to what extent do they access services/initiatives you are delivering?

By integrating this discussion into the broader process of identifying inclusive growth opportunities, we can connect the dots and demonstrate how and where gender-responsive practices are integral to commercial growth priorities and operations.

Recognise businesses have different starting points and right size initiatives accordingly: A business' willingness to explore and/or adopt gender-responsive business practices and the opportunities to do so depend on multiple factors: context (for example, cultural norms, value chain dynamics and gendered roles), level of awareness and understanding of gender dynamics in their business models and management capacity/expertise to drive gender initiatives. Understanding the starting point can help to define the right entry point, right-size the type of support as well as ambitions accordingly. An initiative to collect sex-disaggregated data to create awareness and understanding of gender dynamics may be highly impactful in one context, whereas another business may be ready and interested in optimising and expanding more transformative gender initiatives that can deepen impact on women through improved training and service provision, target setting and performance KPIs tied to selection of women suppliers/agents. The 'gender equality spectrum' can help to identify the starting point, and appropriate entry points.

Embed gender-responsive practices within business operations to boost chances of sustained adoption and scale: The process of any TA should lead to building capacity and ownership by the business operations team and improved understanding of incentives for targeting gender in the business model (for example integrating gender-responsive content into existing training curricula, including gender related KPIs in sales/operations staff performance targets, developing capacity and networks of field staff to understand incentives for investing in gender-responsive business practices, and feeling equipped/empowered to own and deliver gender initiatives). The ease—and in some cases, impact—of implementing gender-inclusion initiatives can also depend on the company's "sphere of influence": starting at the centre with direct full-time employees—for example, on a hub farm or in the factory, then considering extension workers or lead farmers who are incentivised by the agribusiness, and then, finally, the SHFs.

Tailor gender performance indicators to reflect the unique circumstances and goals of each business in the portfolio, rather than applying a one-size-fits-all approach: Through more tailored, gender-disaggregated data collection on metrics tied to commercial performance (for example supply, loan repayment, sales, et cetera), we are better able to articulate and demonstrate the business case for gender inclusion, enabling us to engage more agribusinesses in making their businesses more gender-inclusive. Aggregate-level indicators (such as number of women beneficiaries) don't always tell the story of the change that has taken place, considering the different starting points and pathways to gender-inclusive business models.

CASA TAF's approach to designing sourcing models is typically to combine both farmer reach and depth of farmer impact by including shorter low-cost initiatives focused on quality (that have high reach) and longer, high-investment initiatives focused on productivity (that have deeper impact per farmer). Companies should prioritise opportunities that create short-term incentives for loyalty for agribusiness and farmer (for example, marketability and quality) and maximise competitiveness at point of offtake (for example, ease, payment speed, and transparency) as a hook for investments with longer timeline to ROI, such as seedling distribution and input finance. Building strong relationships with farmers—for example, establishing personal connection, communicating clearly, paying on time, and keeping commitments—is a prerequisite to developing more innovative shared value strategies over time. Companies should also segment farmers by potential for loyalty to identify pockets within the supply base where deeper investment is most likely to be sustainable.

Delivering technical expertise

Agribusinesses often lack critical technical expertise or capacity when piloting and implementing inclusive business models. CASA TAF's preferred approach is to embed key resources within the business, as well as helping the companies to build key business management processes and systems around the staff leading the initiative. Being able to fund a committed resource, for example, a technical lead, extension or sourcing manager or agronomist, with enough time to drive change, can make a big difference to the company's ability to implement. Ideally the business will hire the individual after some time (although it can be hard to align on a budget that is sufficient to attract the right level of skills and acceptable to the business to cover over the medium term). Short-term assignments requiring more expert support are also valuable. While some assignments save the agribusinesses time and headache (thus lowering barriers to implementing the plan), those that are most truly additional are those where very specialist knowledge is required, and especially where international networks are leveraged and can draw lessons from similar initiatives from other markets.

TA can also support the development and delivery of farmer training; provision of extension services is a universal underpinning feature of all types of inclusive business models (i.e., sourcing, distribution and ag-tech platforms). In this case, it is typically focused on capacity building through "training-of-trainers" rather than direct to farmers. For inclusive sourcing models, farmer training typically focuses on increased production and increased quality or meeting quality standards. In inclusive distribution models, farmer training focuses on timely application of inputs and input optimisation. Tech-enabled agriculture platforms tend to focus farmer support on how to use the technology to access advice, for example, reaching out to call centres for advice on pests and diseases or weather information.

Finally, smart use of TA can also contribute to ongoing agribusiness commitment to sustaining the initiatives; for example, CASA TAF carried out a cost-benefit analysis framework for an ag-tech client that demonstrated how extension can help drive revenue for the input business of the company.

Risk-sharing

The IBP helps to right-size TA investment based on risk-adjusted impact i.e., accounting for both the scale of the impact opportunity and the level of implementation risk. CASA TAF has found that with the right package of TA, it is generally possible to pilot an initiative with co-funding from the company of approximately $10,000-50,000 over the first two years, which reduces a significant barrier to implementation (company availability of cash to implement). Alongside TA, CASA uses risk-share grants that aim to unlock access to finance for smallholders or micro-enterprises; these are typically provided to financial institutions, input suppliers, or directly to agribusinesses to de-risk lending to SHFs.

Value chain financing is very important to address the SHF finance gap, enabling SHFs (whether in sourcing or distribution models) to pay for inputs, thus increasing their yields and profits if all goes well. Value chain finance makes the most sense in tight value chains, less political or tradable crops, and higher-value sectors with greater margin potential to invest and take risk, as well as cases in which the business is able to access affordable working capital. Value chain finance can be cheaper for SHFs than other options and also benefits from operational efficiencies (for example, if the business already has boots on the ground and strong relationships with farmers compared to a financial institution with no resources to monitor and follow up on loans).

Given this, and in the absence of market-based financing solutions, a risk-share grant combined with TA in this area can help to develop, test and refine an input financing model that manages risks and benefits farmers, and builds the capacity of the company to manage the scheme. Risk-sharing grants can also be used to incentivise testing of new technology. Standard checks and balances need to be in place to manage any subsidy including ensuring agribusiness "skin in the game" and clear exit strategy for the subsidy. ***Click here for a paper on smart subsidies.***

Flexible and adaptive project management

A critically important part of the TA package is close project management, which ensures continued alignment with objectives, quality assurance, and adaptability. CASA TAF's approach is not simply to hand the project over to a service provider but rather to remain engaged through its inclusive business delivery managers . IBP implementation generally requires one dedicated resource for delivery—a technical assistance provider or pilot manager who is in charge of day-to-day execution—oversight from an inclusive business delivery manager overseeing projects associated with three to five agribusiness partners at any given time, and often a technical consultant on a targeted, part-time basis. Inclusive business delivery managers facilitate weekly meetings to ensure continued alignment with commercial and investor priorities, make sure the team is clear on the strategy and elevate, and facilitate discussion and problem solving around any new risks that emerge. They foster a collaborative approach to project management that helps drive forward the business plan in an adaptive way, whilst maintaining the big-picture objective laid out in the IBP.

The overarching theory of change, thoroughly defined and stress-tested during the IBP stage, provides a solid foundation for the TA package. This clarity makes it easier to adjust, stagger, or pivot elements of the TA package as needed, in response to field realities, market changes, or a weakening commercial case. Such flexibility allows for adjustments at various stages while still maintaining the overarching objective.

The managers continuously assess and plug technical or resource gaps and manage stakeholders and organisational politics to ensure delivery stays on track and against the planned objectives and work plan. They also bring relevant technical expertise, global lessons from other initiatives tested in other markets or countries, and strategic advisory skills to help steward the initiatives in the right direction and advise agribusiness staff and TA resources on an ongoing basis. This helps to maintain consistent quality, building credibility and trust with agribusiness partners.

Underlying TAF structure and resources

The TAF itself must have access to the right talent pool to deliver on the defined TA to support implementation of the IBP. This can be challenging, especially in the context of a large portfolio of companies, and the increasing spectrum of themes TAFs are required to engage businesses on which require specialised knowledge for example, gender, digitisation, climate. CASA TAF has addressed this challenge by hiring core team members who have ample experience in the private sector, project management, and the specific sector, bringing strong connections with different types of service providers; requesting referrals from strong TA providers that cover other markets or expertise; conducting continuous market research activities through TechnoServe country teams and practice areas (e.g. coffee or gender practice), and leveraging TechnoServe's strong Fellows (volunteer consultant) programme.

TA delivery support is generally needed for at least two or three years per business, and then additional time is required to monitor sustained uptake. As projects are complex and environments often changing, assessment is best conducted over a minimum of two years; anything less than 12 months is too short to allow for real progress in most cases. Given the optimal length of TA delivery, a TAF should ideally be structured for 7+ years to enable monitoring and learning as the portfolio grows over time. A longer TAF lifespan can allow the TAF to explore key enablers and cross-cutting themes such as digitization and innovative blended finance (discussed in Section 5 below).

The policy and enabling environment is a key enabler of inclusive business models. A multi-year TAF with broad portfolio experience could also be well positioned to highlight the ways in which policy can enhance the impact of an inclusive business model, and where opportunities to scale or replicate models could be catalysed through policy or enabling environment change – in partnership with donors and civil society organisations. For example, in Tanzania's coffee sector, regulation requires coffee buyers to work through the cooperatives called AMCOs. In Ethiopia, challenges importing feedstock due to forex issues led one business to invest in developing a local SHF supply chain.

On the other hand, in Ghana, changing regulations on digital payments significantly reduced the attractiveness of an inclusive cocoa model based on use of a digital platform. And in Nigeria, where a rice milling company is investing in developing high-quality rice seed, a reduction in import tariffs is likely to reduce the rice price—supporting food security but reducing farmers' gross margin and ability to re-invest in inputs next season.

A multi-year TAF is well-positioned to feed practical examples and experiences of inclusive businesses into the broader policy debate and show the potential impact if relevant policies were changed. More generally, the existence of a positive overall investment environment—stability of relevant policies and subsidies; lack of interference or direct participation in value chain by government; a level playing field; the ability to access finance and move money out of the country; well-developed infrastructure; general adherence to contracts etc.—supports the development of a greater number of inclusive business models. A poor investment environment leaves the private sector poorly incentivised to structure long-term relationships with SHFs and take on new costs and risks to implement new models. Again, there is a role for the TAF to inform relevant local initiatives to improve this broader context.

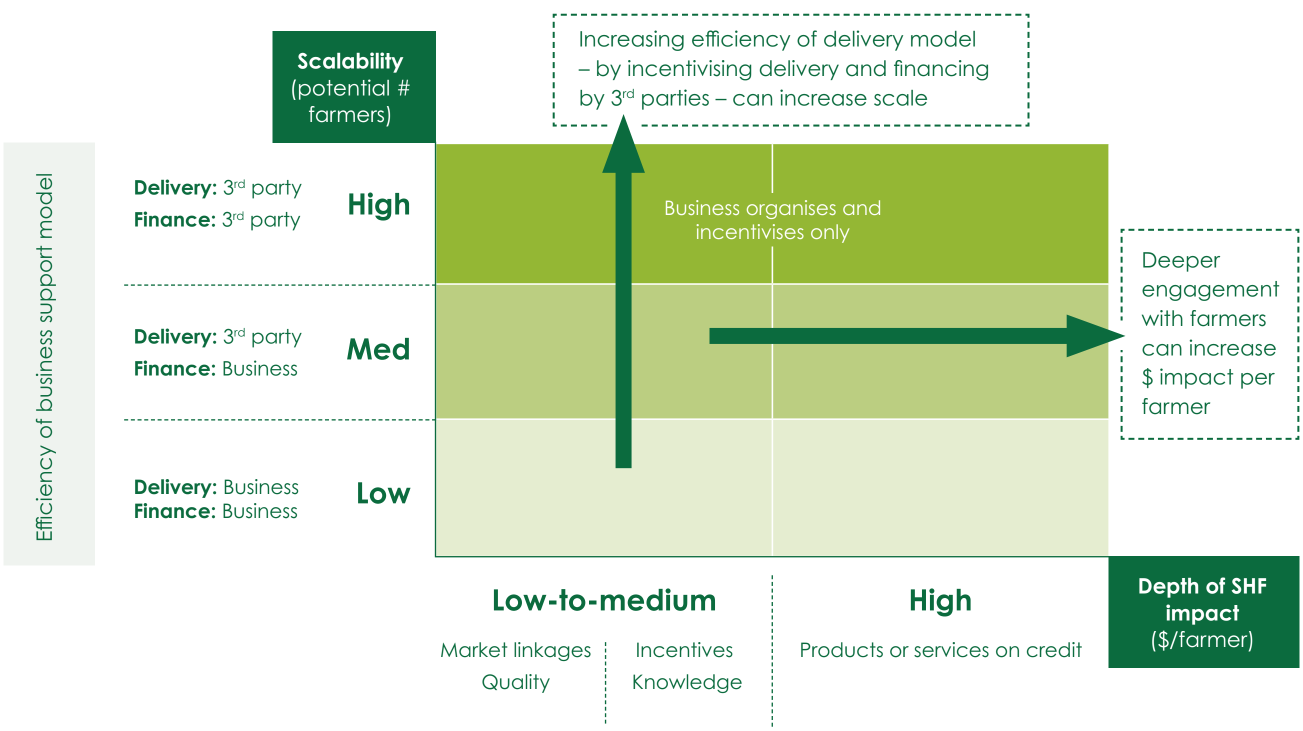
Section 6

Emerging trends and opportunities for scale

As discussed in Section 2 above, in CASA TAF's experience, depth of farmer impact tends to be above all a function of the depth of the intervention, with more intense—and capital intense—engagement models yielding higher per farmer impact. The challenge is that these models are generally much harder to scale. For models reaching large numbers of farmers but with lower impact per farmer, the question is how to deepen engagement to increase per-farmer impact. Conversely, for models that are achieving deep impact, the challenge is often how to scale this across more farmers.

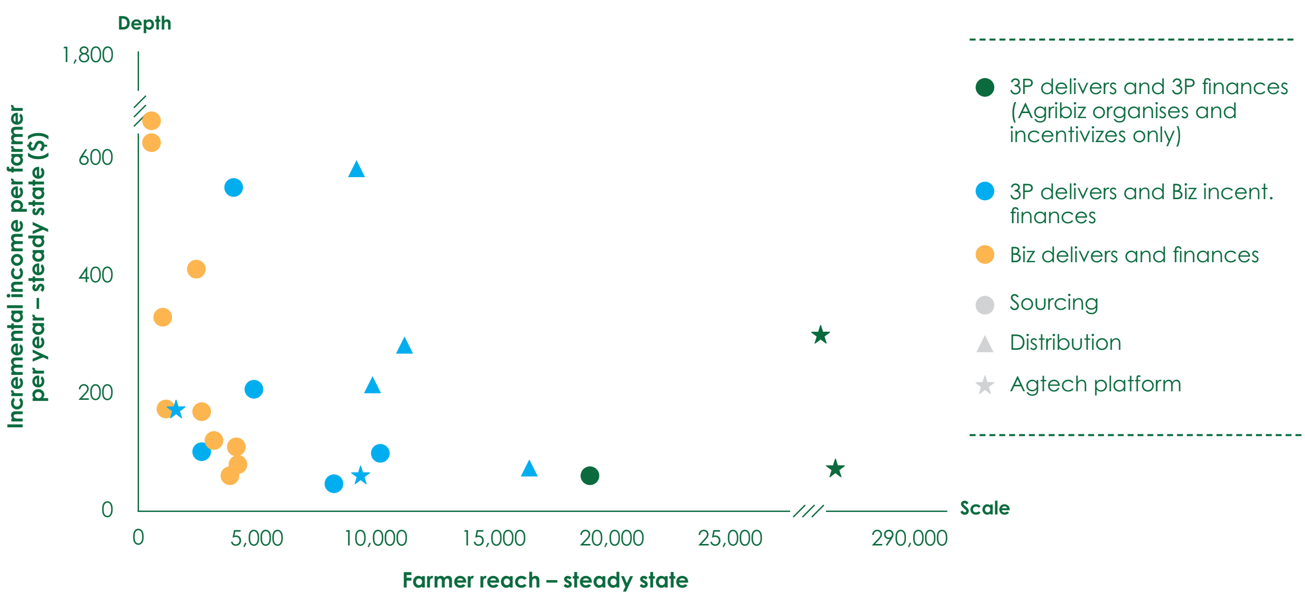
While there are no hard and fast rules, typically sourcing businesses in high-value sectors tend to have higher per-farmer impact but need support to scale; whereas distribution businesses and ag-tech platforms typically have higher scale but need support to deepen the impact per farmer. In both cases, it is necessary to look at the efficiency of the business support model, which has two key components: who delivers and who finances. Businesses enjoy increasing efficiencies when they engage third parties in delivery (often a first step), and in financing (typically a harder step), as illustrated in Figure 11 below. TA providers can play a critical role in right-sizing the model depending on the business context.

Figure 11: Options for increasing farmer impact



Although the dataset is still small and based on projections, CASA TAF analysis based on IBP projections helps to show how moving from direct delivery and finance to partnerships with third parties can enable scale, as presented in Figure 12 below. According to the analysis carried out to date, businesses delivering directly tend not to reach more than about 5,000 farmers, while third party delivery can enable reach of 10,000-15,000 farmers. CASA's working hypothesis is that third party delivery and financing enabled by technology has the potential to increase scale of models with higher depth of impact (income increase) per farmer—though actual results in terms of depth per farmer will depend on implementation. Ongoing monitoring will enable greater insight especially as CASA TAF portfolio grows.

Figure 12: Farmer income vs. farmer reach (steady state) by delivery and financing model



Two important emerging opportunities can enable higher impact by driving operational efficiencies, while de-risking the inclusive business models and influencing investment into these models. These include:

Innovative delivery models
Including digitisation

These primarily drive operational efficiency, though they can also reduce risks for the business and help to showcase successes to gain further support to scale the model. ***Click here for more details on CASA's work in digital and cross-cutting services, enhance delivery efficiency.***

Innovative finance models
Such as blended finance and climate finance

These models primarily help to de-risk the initiative for the agribusiness and help to scale the models. ***Click here for more information.***

While neither of these opportunities provides an instant fix to the challenges referenced earlier in the paper, they do hold promise in certain situations to increase the number of viable inclusive business models, the scale they reach, and ultimately the impact on SHFs' lives, once the basics are already in place. It should also be noted that a minimum level of training and farmer support needs to be in place before finance is extended to SHFs.

Investing in TA support for these two areas over the coming years has the potential to have high impact, as they can enable further scaling and replication of inclusive models implemented so far. These high potential areas are laid out in Figure 13 below.

Figure 13: Summary of high potential innovative delivery and financing solutions

Innovation	How it can enable impact/scale	CASA TAF examples
INNOVATIVE DELIVERY MODELS		
Digitisation of farmers, intermediaries and service delivery partners – reduces company cost to engage and finance farmers	• Increase efficiency by reducing costs (e.g. reducing SHF acquisition costs), better identifying and mapping farmers, tailoring marketing and messaging, facilitating lower-cost digital extension services, increasing farmer loyalty (e.g. through timely payment and communication of pricing), and supporting organised intermediary models (e.g. through payment, monitoring and loyalty incentives). • Enable value chain financing through third-party partnership by capturing and sharing farmer- or intermediary-level data. Reducing costs and risks for third-party financing partners such as micro-finance institutions, and input suppliers. offers potential to scale inclusive models beyond the capacity of the lead agribusiness' own finance the farmers directly	• Arohan, a pork processing company in India supported to use a simple digital tool to track the pigs in its supply chain, reducing costs and enabling its decentralised processing model to scale to more locations. • Aliet Green, a coconut sugar company in Indonesia supported to introduce a mobile app, enabling offline data entry for farmer profiles and purchases – and laying the groundwork for a coconut seedling credit model, achieving 99% on-time loan repayment rate • Dehaat, a large ag-tech platform supported to test and scale a hybrid digital and physical extension system expanding its reach and optimising the delivery of key messaging • Two ag-tech platforms supported to explore value chain financing solutions based on digitised data collection. ***Click here for a cases study on a ag-tech platform***
B2B partnerships and cross-cutting services – increase farmer knowledge and efficiency at low cost to the business	• Increase farmer level of technical expertise at low cost, through partnerships established between farmer-facing agribusinesses and ag-tech businesses offering relevant products and services, such as weather-dependent digital climate-smart advisory, low-cost soil testing, agent onboarding, and training solutions • Make productivity-enhancing tools available that reduce labour and cash costs for farmers while driving productivity and quality at low marginal costs.	• Ignitia, a global tropical weather forecasting business supported to scale a B2B partnership model that delivers crop-specific advisory services, informed by highly localised weather forecasts, by SMS to outgrower farmers of partner agribusinesses • Cropnuts, a Kenya-based agricultural testing and advisory services company supported to scale a B2B partnership model to deliver affordable soil testing and crop advisory services to large numbers of SHFs

Innovation	How it can enable impact/scale	CASA TAF examples
		• Several companies have been supported by CASA to finance productivity-enhancing machinery for micro-entrepreneurs: for example, an input manufacturer procuring seed-coating machines for lease to their distributors, and a rice processor purchasing laser land levelling equipment for lease to a small service provider. Other opportunities have been identified for companies to promote smallholder access to ultra-low-cost tools directly (for example, basic tools for macadamia shelling for suppliers to Exotic, a macadamia processor in Kenya, hibiscus calyx separation for suppliers to Organic Africa, a herbal products company and DIY fruit fly traps for suppliers to a mango exporter).
INNOVATIVE FINANCE MODELS		
Blended finance	• Expand the number of harder-to-reach SMEs that can grow and invest in inclusive business models by creating more pools of blended finance to address specific financing gaps (for example, working capital; investments below $1M; agribusinesses supplying local markets) • Incentivise adoption of inclusive business models by developing financial products at favourable rates that are available only to businesses implementing green and inclusive models	• The assessment, design and piloting of FCDO development capital grants to de-risk investments in smaller agri-SMEs (sub $500k ticket sizes) and flow more investment into businesses focused on enhancing climate resilience and local food security. This involves directing public funding to influence and help expand first loss, working capital and fx-loss facilities targeting these kinds of agribusinesses • Assessing the business case for a poultry feed manufacturer in Tanzania to invest in an inclusive and regenerative sourcing model on the basis of a concessional working capital loan conditional on maintaining this sourcing model
Climate finance	• Private financing through voluntary carbon markets (VCMs) has potential to drive change at a much greater scale than more limited public funds; if it can be accessed by inclusive agribusinesses and SHFs, it could enable scaling of inclusive business models which improve adaptation and resilience, as well as climate mitigation	• CASA has been exploring potential to benefit from VCMs by developing alternative fertiliser models in Kenya and Egypt, and exploring the potential to develop biochar from coconut husks in Kenya and cocoa pods in the Philippines • CASA has also assessed VCM opportunities for SHF agriculture, particularly in SHF agroforestry assessing the feasibility, potential scale and impact of initiatives. Shortlisted 2-4 potential projects in Ghana and Mozambique. ***Click here to see our full paper***
Pipeline development	• Expand the number of businesses that are eventually financed and supported to implement inclusive business models, through providing pre-investment TA to businesses to help them get into impact investor and DFI pipelines	• Across Kenya, South Africa, Egypt, Nigeria and Tanzania, CASA is providing pre-investment support to 50+ businesses to: (a) help grow the pipeline of scalable and investment ready inclusive agribusinesses through medium-long term market building initiatives and (b) provide investment readiness and core business support TA to help businesses access finance in the short term.

Section 7

Conclusions and recommendations

This paper has explored what shared value creation is and why it matters, what drives commercial incentives, and SHF reach and depth of impact. We have laid out the graduation path of an inclusive business model from idea to scale and positioned basic conditions which enable businesses to move from planning to pilot stage, and key success factors which allow piloting to become sustained adoption. We have considered how TA can play a critical role, especially in the areas of designing the initiative, filling gaps in technical expertise, sharing or reducing risks for the agribusiness and flexible and adaptive project management. Finally, we have presented how emerging trends in innovative delivery and innovative finance offer potential to scale and replicate inclusive business models. Our goal is that key audiences can use the practical insights and lessons learned to inform their own work, for example:

DONORS & INVESTORS CAN:

- Structure support based on understanding of needs including timing and flexibility, at the level of individual businesses and the TA facility
- Understand the critical role of the IBP process, not only to design the initiative but also to build trust with management and ensure financial stability of the agribusiness
- Encourage and ensure best practice TA delivery
- Set realistic targets for conversion from inclusive idea to sustained adoption and scale
- Consider investing in TA in areas where emerging trends offer promise to scale up impact of inclusive models
- Consider direct investment in innovative blended finance models, and where and how best to direct public funding to de-risk or catalyse investment for example, funds addressing small-medium agricultural SMEs, concessional climate finance products, and new models to incentivise adoption of inclusive approaches.
- Continue supporting learning on how to balance and maximise farmer reach and depth of impact per farmer
- Consider how use of data can support innovative and effective support of inclusive business models

TAF MANAGERS AND TA PRACTITIONERS CAN:

- Understand the critical role of the IBP process, not only to design the initiative but also to build trust with management and ensure financial stability of the agribusiness
- Use understanding of key commercial drivers to engage businesses and speak their language to gain buy-in to develop and optimise inclusive business models
- Use understanding of drivers of reach and depth of impact, and innovative delivery and finance models, to design more effective inclusive business models
- Use the graduation of an inclusive business model framework to guide key considerations at each stage of the process, especially the basic conditions which drive conversion from plan to pilot, and the key success factors that enable piloting to become sustained adoption
- Implement TA best practices presented
- Consider how use of data can support innovative and effective support of inclusive business models

AGRIBUSINESS LEADERS CAN:

- Think through how to structure business models and the internal capacity needed to maximise farmer reach and depth of impact and balance company risk and return
- Explore how emerging trends can reduce costs and risks of engaging with SHFs, making models more feasible, more profitable and more scalable
- Find inspiration for practical inclusive growth opportunities to explore in their own business

CASA

Commercial Agriculture for Smallholders and Agribusiness

The CASA programme is a flagship programme of the UK Foreign, Commonwealth and Development Office (FCDO) and is intended to increase global investment in agribusinesses which trade with smallholders in equitable commercial relationships, increasing smallholders' incomes and climate resilience.

The programme aims to help agribusinesses to scale up and trade in larger commercial markets. As part of its work, CASA generates new evidence and analysis that supports a stronger, fairer and greener agribusiness sector.

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