

Rapid synthesis of evidence on financing mechanisms for agribusiness development in Africa

Annotated bibliography

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Abbreviations

ABI	Agribusiness Indicator Project
CGAP	Consultative Group to Assist the Poor
DFI	Development Finance Institution
FAO	Food and Agriculture Organization
IEG	Independent Evaluation Group
ODA	Overseas Development Assistance
PPP	Public Private Partnership

1 Introduction

1.1 Objective

The paper, carried out under the DFID Economics and Private Sector Professional Evidence and Applied Knowledge Services (EPS-PEAKS) framework seeks to provide a quick synthesis of evidence on financing mechanisms and schemes providing loans, equity stakes, guarantees and/or grants that have the dual objective of (i) promoting investment in commercially viable agriculture and (ii) improving smallholder farmers' and rural household income in Africa. The focus is on the rural population in developing and transition economies.

The rapid review and annotated bibliography focuses on the two following underlying questions:

- i) What combination of public and private finance and other tools have been successful in Africa and why? What gaps in financing did these mechanisms and schemes address and what level of private sector investment did they help catalyse?
- ii) What are the main risks documented in the literature that derive from public/donor provision of finance to catalyse private sector investment in the agribusiness sector in Africa?

This paper aims to identify the key literature to answer these questions.

1.2 Methodology

This rapid desk-based review of the evidence on financing mechanisms for agribusiness in Africa includes both peer reviewed and grey literature, focusing on the past ten years, with particular emphasis placed on the most recent studies of the past five years. It includes financing schemes and mechanisms backed by public and private investors, particularly those involving multilateral finance institutions. Documents were identified through google and google scholar searches, as well as snowballing literature from key documents. The executive summaries of the literature identified were referred to and the main body of the documents quickly scanned to provide the summaries for the annotated bibliography.

2 Key findings

There is widespread and strong agreement in the literature that investment in agriculture is central to Africa's development. Though there has been a downward trend in agricultural investment up until the food crisis in 2008, fostering investment in agribusiness has been emerging as a key priority since and is now firmly established as a critical aspect to Africa's - and in fact global - development prospects.

Aligned to this there has been a shift away in recent years from preventing the state from actively marketing agricultural activity in Africa, towards a search for a more active role of the public sector that goes beyond the creation of an enabling environment towards encouraging market development (Poulton and Macartney, 2012). Agricultural investment requirements are too high to be met through public investments alone (Miller et al., 2010, Schmidhuber et al., 2009). To leverage private sector investment, the public sector, in particular development finance institutions, have been working towards mitigating the often prohibitively high risks associated with investment in agriculture by co-investing (Uy, 2014, Poulton, and Macartney, 2012). Several studies document the emerging and significant upward trend of public private partnerships in agricultural investments (Aulisi et al., 2012, Economic Intelligence Unit, 2012, IEG, 2011, HighQuest Partners, 2010, Brown, 2009).

Initially the new momentum in agriculture investments following the 2008 crisis translated into speculative large-scale acquisitions of farmland in lower- and middle income countries including Africa. Partly as a result of sustained media attention, these acquisitions have triggered an - at times polarised - debate about 'land grabbing' (Vermeulen and Cotula, 2010). However, increasingly so greater attention is paid to alternative ways of structuring agricultural investments that do not involve large-scale land acquisition. The instruments employed to foster agricultural investment now tend to be more collaborative arrangements between large-scale investors and local smallholder farmers and communities.

The mechanisms and schemes now employed to facilitate investment in agriculture vary significantly and are numerous. Whilst until recently the primary focus has been on structured finance models, such as warehouse receipts and collateral securitisation mechanisms, risk management products and supply chain finance (World Bank, 2005), recently there has been increasing interest in public private equity funds as well as the emerging number of just private equity funds investing in agribusinesses (Silici and Locke, 2013, Choi, 2011).

Underlying many of these new mechanisms and schemes is the concept of inclusive business models (see for example Vermeulen and Cotula, 2010). Several studies find that investment models that involve smallholders as equal business partners in production and related activities have the potential to minimise the risks and maximise the benefits of agricultural investment (Liu, 2014, Uy, 2014, Fairtrade Foundation, 2014). Successful projects combine the strength of the investor in terms of capital, technology and expertise in management and marketing, with those of local farmers in regards to labour, land, traditional know-how and knowledge of local conditions (Liu, 2014). According to Liu (2014), these inclusive business models need strong external support for supporting farmers and facilitating the investor-farmers relationship to succeed.

However, whilst trends and different types of models in agribusiness finance are relatively well documented in the literature, the actual impact of them is not (Arias et al., 2012, Liu 2014). Although there has been much debate about the potential benefits and risks of international investment in agriculture, there is a lack of systematic evidence on the actual impacts on the host country and their determinants (Liu, 2014). There are three primary reasons for this. Firstly, many initiatives have only recently been implemented and full effects will only materialise and hence be possible to observe several years following the

investment (Liu, 2014, CGAP, 2006). Secondly, it is difficult to compare results and derive generalizable conclusions due to differences in local context. Thirdly, for those impact studies conducted it is often not possible to compare results because studies tend to use different analytical frameworks (Miller, 2010). Few evaluations use counterfactual to measure change resulting from the intervention. Further, the heterogeneity of intervention designs, implementation strategies, and outcome indicators make it difficult to aggregate results or derive broad conclusions about which interventions work best and under what circumstances (IEG, 2011).

The recently established Agribusiness Indicators Project (ABI), may help to improve availability of comparable data on outputs. ABI intends to provide empirical information on agribusiness indicators that can be used to measure change over time and make direct comparison between countries (Dixie et al., 2014). It is expected to facilitate the aggregation of results and hence for more generalizable conclusions to be drawn, though attribution will remain an issue. ABI indicators have been collected in an initial study for Burkina Faso, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Rwanda, Tanzania and Zambia (Dixie et al., 2014).

Beyond the ABI project, there have recently been several studies which aim to derive preliminary lessons of what combination of public private finance and other tools have been successful in Africa and why. These tend to be based on comparative case studies. For example Arias et al. (2012), commissioned by FAO, develop case studies from around the world, including several African ones, to document economic, social and environmental impacts of investment in inclusive agricultural business models to identify good practices and develop guidance for host governments. A comprehensive study by IEG (2011) for the World Bank does not analyse broader impacts but focuses on impact of interventions on agricultural performance. Nankhuni and Paniagua (2013) conduct a meta-evaluation of private sector interventions in agribusiness for IFC exploring the social, economic and environmental impacts of mature large scale agribusiness investments on local communities. They find that it tends to be investors that are financially and operationally successful that also have the most positive impact on their host economies and surrounding communities. Mirza et al. (2014), commissioned by the World Bank, review large-scale agricultural investments and implications for both corporate performance and impact on local communities. Tyler and Dixie (2013) provide a historic analysis of the impact of CDC investments in commercial smallholder and estate agriculture as well as agro-processing.

However, whilst these impact assessments provide useful indications on preliminary lessons learned, overall the literature is not well established. Different models work differently in different context, making it challenging to derive generalizable conclusions. As Coates and Hofmeister (in Beck and Maimbo, 2013) find, a wide range of parallel ideas, initiatives and innovations to improve access to agricultural finance exists and are in fact needed. There is not one best practice mode.

Further, beyond investment in agribusiness, other studies highlight the extensive body of evidence documenting high economic and social returns on investment in public goods and services that directly and indirectly support agriculture. This suggests that rather than stimulating finance, the role of government and donors needs to be to channel their limited public funds towards the provision of essential public goods that will facilitate agricultural development with high economic and social returns (FAO, 2012). To put this debate into perspective, a paper by the World Bank on renewed approaches to rural finance (2006) provides an overview of the complementary pillars of rural financial sector development (government policies and enabling regulatory and legal environment, infrastructure and financial institutions), which provides insights into the relative significance of different approaches to agricultural development. The paper also discusses the use of grants versus credit.

In terms of the gaps in financing that emerging tools to agribusiness development aim to address, a key issue raised in the literature continues to be the 'missing middle'. Broadly

defined filling the missing middle requires the provision of more varied finance in terms of both capital (grants, debt, quasi-equity and equity) as well as focus (social impact, purely returns driven and a combination of the two) (Sene, nd). Sene (nd) argues that this gap is starting to be filled as capital is becoming more diversified serving a variety of business models and stages of business development. However, Doran et al. (2009) in their report on the 'missing middle' for Oxfam argue that there continue to be barriers to scaling up the flow of capital to smaller agricultural businesses highlighting the need for more competitive lenders and investors with the necessary local presence and understanding to balance risks and returns.

Another key issue discussed in the literature is that of the need for more 'patient capital' (Palmer, 2011). Most private investors need relatively rapid returns to their investment and their time frame is often not compatible with that of local economic development. There is a need for patient capital provided by investors with longer time horizons initially to ensure that the expected benefits materialise (Liu, 2014). This tends to be provided by public sector or non-profit organisations, but some private companies such as impact and social investors also tend to have longer investment time horizons.

In terms of the level of private sector investment leveraged, this review did not identify any comprehensive studies of what public mechanisms and tools have greater potential or ability to attract more private investments. However, there is clearly an upward trend in the context of the emergence of several often large scale public private equity funds.

Regarding main risks documented in the literature that arrive from public and donor provision of finance to catalyse agricultural investment, the majority of literature focuses on issues related to direct farmland investment rather than agribusiness investments. These risks according to Liu (2014) include the displacement of smallholder farmers, the loss of grazing land for pastoralists, the loss of incomes and livelihoods for rural people, the depletion of productive resources, and in general, negative impacts on local livelihoods due to reduced access to resources, which may lead to social fragmentation. There is also evidence of adverse environmental impacts, in particular the degradation of natural resources such as land, water, forests and biodiversity (Zyed and Miyazak, 2013). Currell, et al. (2012) discuss environmental, social and governance risks associated with farmland investment, which may be useful even if not agribusiness focused. Aulisi et al. (2012) discuss the social and environmental risk in primary production and consider how such risk may reverberate through the value chain. They argue for the adaptation of environmental and social management systems to generate sustainable financial returns. (Aulisi et al., 2012). Finally, the underlying key risk is that public investment should not displace or undermine private sector investment and provision of services.

3 Annotated bibliography

The annotated bibliography below sets out key documents identified in terms of nature, scope, robustness and size of work in alphabetical order. Documents and studies identified as most relevant are underlined.

Aulisi, A. et al. (2012) 'Private Equity and emerging market agribusiness: Building value through sustainability'. Credit Suisse, CDC, EMPEA, IFC and WWF.

<http://asria.org/publications/private-equity-and-emerging-markets-agribusiness-building-value-through-sustainability/>

The report is aimed at emerging market private equity fund managers. It highlights trends in private equity investment in emerging market agribusiness focusing on data from member transactions of the global industry association for private capital in emerging markets (EMPEA). It therefore provides an indication but not comprehensive assessment of trends. The main argument of the article is to promote the adaptation of environmental and social management systems to generate sustainable financial returns. While the report points out the environmental and social risks in primary production, it considers how such risks may reverberate through the value chain. It provides two case studies focusing on aquaculture and timber.

Arias, P. et al. (2012) Trends and impacts of foreign investment in developing country agriculture: evidence from case studies. FAO, Rome.

http://www.fao.org/fileadmin/templates/est/INTERNATIONAL-TRADE/FDIs/Trends_publication_12_November_2012.pdf

Recognising the lack of evidence on the actual impact of foreign investment in agriculture, this report explores the impacts of international agricultural investment to provide better knowledge on the trends and impacts of investments on host communities and countries and gather evidence on inclusive business models to identify good practices and to develop guidance for host governments. The report is based on FAO designed and directed case studies in selected developing countries. These were conducted in partnership with different research institutes and local consultants. Several studies focus on African countries including, Zambia, Tanzania, Senegal, Uganda, Cambodia, Ghana and Mali. Beyond exploring trends in investments and economic, social and environmental impacts on host countries, special attention is paid to different business models, distinguishing those with and without land acquisition. These studies analyse the factors determining the impacts and their relative significance. Finally, the study identifies best practices and lessons learnt in terms of policy measures that are conducive to successful investment projects. The report does not explicitly focus on the financing mechanisms and schemes, however.

Beck, T. and Maimbo, S. (2013) Financial Sector Development in Africa: opportunities and challenges. Directions in Development Finance, 73822, World Bank.

<https://www.openknowledge.worldbank.org/bitstream/handle/10986/11881/9780821396285.pdf?sequence=2#page=23>

Chapter 3 by Coates and Hofmeister discusses selected approaches for the engagement of commercial finance in financing agriculture. It focuses on the practical interface between commercial financial sector and the growth of agricultural value chains. The main argument is that for African agriculture to grow, it will need access to lending of the increasingly sophisticated and rapidly growing commercial banking system in many African countries. The chapter draws heavily on conclusions, examples and experiences from recently conducted studies on financing agriculture value chains in four African countries (Burkina Faso, Ethiopia, Ghana and Kenya) commissioned by GIZ. The key conclusions

from the case study, which are not intended to be exhaustive or conclusive, is that a wide range of parallel ideas, initiatives and innovations to improve access to agricultural finance exists and are needed and that there is not one best practice mode.

Brown, M. (2009) 'Rapid assessment of aid flows for agricultural development in Sub-Saharan Africa'. Investment Centre Division Discussion Paper, FAO.

<http://www.fao.org/fileadmin/templates/tci/pdf/SSAAid09.pdf>

This paper provides a quick assessment of aid flows into agriculture in Sub-Saharan Africa. It is based on data on Overseas Development Assistance (ODA) collected from the OECD database, major bilateral and multilateral financing agencies as well as two private foundations. Trends in ODI show a long-term decline in agricultural ODA to Sub-Saharan Africa, with a recent upward trend in financing for agriculture, particularly if private foundations are included. Findings from the data also highlight the need for balancing short term food security interventions with long productivity investments; a focus on aid harmonization due to numerous donors in the sector, and potential problem of absorptive capacity due to low disbursement rates by aid recipients.

CGAP (2006) 'Emerging lessons in agricultural microfinance: Selected case studies'. CGAP funded by IFAD.

http://www.ifad.org/ruralfinance/pub/case_studies.pdf

This paper draws on the case studies developed for the paper by Christen and Pearce (2005) focusing on five of these (Confianza in Peru, Bai Tushum Financial Foundation in Kyrgyzstan, Caja Los Andes in Bolivia, Equity Bank in Kenya; and cooperative league of the USA in Mozambique). Based on an analysis of these, it draws general conclusions for both microfinance institutions as well as donors. However, although CGAP considers the models represented by these five cases as promising, none can yet be considered an unmitigated success. Methodological, financial, practical and political challenges remain. In several cases the agricultural portfolio has yet to achieve scale to derive substantiated conclusions.

Choi, J. (2011) 'The next chapter for private equity in Sub-Saharan Africa'. Private sector and Development, N12/October2011, pp2-5, Proparco.

http://www.proparco.fr/jahia/webdav/site/proparco/shared/PORTAILS/Secteur_privé_developpement/PDF/SPD12/Article_J_Choi_12_UK.pdf

This article provides a high level overview of Sub Saharan African private equity opportunities in the global context and touches on some unfolding trends in the fundraising and investment environment in the region, concluding with a commentary on the investment outlook. No evidence on impact discussed. However, the article provides a useful overview of the key deterrents to investment by region/country globally. Key constraints for Africa relative to other regions/countries are the limited number of established general partners, the small scale of opportunities to invest as well as political risk.

Christen, R. and Pearce, D. (2005) 'Managing risk and designing products for agricultural micro finance: Features of an emerging model'. CGAP occasional Paper 11.

<http://www.ifad.org/ruralfinance/pub/risks.pdf>

Drawing on a few significant, successful experiences in various developing countries, this paper offers a model for providing financial services to poor, rural farming households. According to the authors, this model combines the most relevant and promising features of traditional microfinance, traditional agricultural finance and other approaches, including leasing, area-based insurance, use of technology and existing infrastructure and contracts

with processors, traders and agribusinesses, into a hybrid. Although the paper focuses on lending it also recognises and explores the importance of deposits, insurance and money transfer services for farming households and financial institutions. It develops ten key features that have made agricultural microfinance products successful. The paper is based on a desk-based review focusing on a 2002-2003 assessment of nearly 80 agricultural microfinance providers conducted by the CGAP. This study focuses on the thirty most successful ones among these. The desk based review was supplemented by visits to selected institutions and interviews with key informants. Data on rural finance programmes, particularly repayment rates and financial sustainability levels, were sourced from agricultural lenders among others.

Clover, T. and Darroch, M. (2005) 'Owner's perspective on factors that constrain the survival and growth of small, medium and micro agribusinesses in Kwazulu-Natal, South Africa'. *Agrekon*, Vol 44, No 2 (June 2005)

<http://www.tandfonline.com/doi/pdf/10.1080/03031853.2005.9523712#preview>

This study interviewed the owners of 44 small, medium and micro agribusinesses, identified through a stratified random sample among clients of Ithala Development Finance Corporation in Kwazulu-Natal South Africa in 2003/4. The objective was to inform public and private sector institutions by gathering information on business owner's perspective on the factors that constrain growth of their business.

Currell, T. et al. (2012) 'Responsible investment in farmland: a compendium of case studies'. UNPRI, London.

<http://www.spainsif.es/sites/default/files/upload/publicaciones/2012.10RIinfarmland.pdf>

This report discusses farmland investments in relation to environmental, social and governance (ESG) risks. It briefly discusses ownership and/or operating models that institutional investors can adopt for farmland and then discusses experience with ESG issues through six case studies. These cover a diverse range of experiences reflecting the variety of farmland investment strategies. Some case studies illustrate how global macro trends and the ESG issues underpinning them can lead to positive investment outcomes, as well as the structure and procedure by which these issues can be integrated into the investment process.

Diao, X. et al. (2012) *Strategies and priorities for African Agriculture. Economy-wide perspectives from country studies*. International Food Policy Research Institute, Washington, D.C.

<http://www.ifpri.org/sites/default/files/publications/oc73.pdf>

The book aims to provide a method that can be used by governments to design more effective development strategies. It develops a complex econometric model to evaluate the potential contribution of individual sectors to growth and poverty reduction and applies it to ten case study countries (Kenya, Ethiopia, Ghana, Rwanda, Nigeria, Malawi, Uganda, Zambia, Mozambique, and Tanzania). It also estimates the public resources needed to achieve faster agricultural growth. For each country case study the approach is adapted to estimate public agricultural expenditure requirements to achieve specific agricultural development objectives. Whilst the book may be of interest to better understand public expenditure requirements, it does not seem to provide detail on the potential impact of different investment models and/or associated risks and opportunities.

Dixie, G. et al. (2014) 'Agribusiness indicators: Synthesis report'. Agriculture global practice discussion paper; no. 1, World Bank Group.

http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/12/08/000470435_20141208124711/Rendered/PDF/911330WP0REVIS0iness0Indicators0Web.pdf

The purpose of the Agribusiness Indicators Project (ABI) is to provide empirical information that can be used to measure change over time and make direct comparisons between countries. This type of information has generally not been available thus far according to the authors. The countries selected for this initial study were Burkina Faso, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Rwanda, Tanzania, and Zambia. The ABI country study teams visited each country two or three times, spending between four and eight weeks in each. They worked with local consultants. The indicators collected include data on access to agricultural credit and agribusiness finance. The ABI seem to be intended to evolve into a similar benchmark system as the World Bank's Doing Business indicators.

Doran, A. et al. (2009) 'The missing middle in agricultural finance: Relieving the capital constraint on smallholder groups and other agricultural SMEs'. Oxfam Research Report.

<http://policy-practice.oxfam.org.uk/publications/the-missing-middle-in-agricultural-finance-relieving-the-capital-constraint-on-112348>

This paper on financing for agriculture looks at the barriers to scaling up the flow of capital to agricultural SMEs. The paper argues that more private capital will flow if there are competitive lenders and investors with the necessary local presence and understanding, and if the balance between risks and returns becomes more favourable. The paper provides a useful overview of different sources of finance for agriculture referring to several examples. However it does not provide much detail or analysis.

Economic Intelligence Unit (2012) 'Into Africa: Institutional investor intentions to 2016'. An Invest AD report written by the Economist Intelligence Unit.

http://www.investad.com/Portal/africa_addons/InvestAD_EIU_Africa_Report_2012_EN.pdf

This trend analysis looks at how asset allocation in frontier markets (all African markets other than South Africa) is likely to change in the coming five years (2012-2017). The report draws on two main Economic Intelligence Unit initiatives, a 2011 global online survey of 158 institutional investors and a complementary programme of interviews with a range of experts and senior executives. Topics covered by country include capital flows, barriers to investment, institutional challenges and general investor perspectives. The five key findings are that: (1) Institutional investors see Africa as holding the greatest overall investment potential of all frontier markets globally, (2) Institutional investors plan to increase their asset allocation in African markets over the coming five years, (3) Investors are moving towards longer-term investment strategies for Africa, rather than more speculative, short-term bets, (4) Africa's emerging middle class is catching investors' eyes, ahead of commodities and natural resources, (5) Investors now worry more about technical concerns than about macroeconomic and political risks, at least in key markets. The paper does not include a discussion of different financing mechanisms and/or their impact.

Fairtrade Foundation (2014) 'A seat at the table: ensuring smallholder farmers are heard in public-private partnerships'. Fairtrade Foundation Report.

<http://www.fairtrade.org.uk/~media/fairtradeuk/what%20is%20fairtrade/documents/policy%20and%20research%20documents/policy%20reports/a%20seat%20at%20the%20table%20-%20full%20report%20v2.ashx>

The report argues that there has been relatively little analysis conducted over how successfully agricultural PPPs are engaging with smallholder producers by incorporating farmers into the design, development, implementation and evaluation of these partnerships. The report provides a review of the general literature on agricultural PPPs. It also incorporated a more detailed assessment of PPPs in the agricultural sector in Ghana (Ghana Commercial Agriculture Project), Malawi (sugar outgrower scheme) and Kenya (recent PPPs in the coffee sector). The study also involved interviews with smallholders. It

argues that overall, ways and mechanisms to engage smallholders in the design of agricultural PPPs in Africa appear to be weak.

FAO (2012) 'The state of food and agriculture: investing in agriculture for a better future'. FAO.

<http://www.fao.org/docrep/017/i3028e/i3028e.pdf>

The report highlights the centrality of farmers themselves and the importance of a conducive investment climate for them. Large-scale agricultural investments offer opportunities, though relative to farmers themselves limited, and also require careful governance. The study refers to the extensive body of evidence documenting high economic and social returns on investment in public goods that directly and indirectly support agriculture. It highlights that the role of government and donors needs to be to channel their limited public funds towards the provision of essential public goods with high economic and social returns.

Chapter 2 of the report frames the debate by clarifying basic concepts related to agricultural investment and examining the empirical data on different types of investment. It reviews evidence on the importance of on-farm investment in agriculture as well as investment by governments, donors and private foreign investors. It highlights differences across regions and areas where differences across regions and areas where investment may be lagging behind levels required to achieve sustainable productivity growth. Chapter 3 provides evidence on the crucial role of governments and donors in catalysing agricultural investment through the provision of an enabling environment and the transmission of price incentives. For example, macroeconomic and trade policies that tax or support the agriculture sector can influence incentives for investment in unintended ways. Further, achieving sustainable intensification of agriculture requires the incorporation of environmental costs and benefits into the incentives available to agricultural producers. Chapter 4 gives special attention to the constraints to investment confronting smallholders and how governments and donors can help overcome them. The opportunities and challenges presented by recent trends towards large scale corporate investment in developing country agriculture – by domestic and foreign investors – are also considered. Chapter 5 examines the returns on different types of public investment in different contexts and discusses how the reallocation of public expenditures towards essential public goods rather than subsidies can yield higher returns and socially more desirable outcomes. Chapter 6 draws conclusions and presents policy implications.

IEG (2011) 'Impact evaluations in agriculture: an assessment of the evidence'. Report prepared by IEG for the World Bank.

https://ieg.worldbankgroup.org/Data/reports/ie_for_ag.pdf

This meta-analysis examines the results of agricultural impact evaluations around the work by various organisations including the World Bank to discern what has been effective in agricultural work. It describes the state of impact evaluation literature in agriculture, provides a taxonomy of agricultural interventions and examines performance patterns for lessons to inform the design of future interventions. The focus due to limitations in impact evaluations is on impact of interventions on agricultural performance. Impact evaluations included in the analysis, had to meet defined standard criteria for design and rigor. As different interventions require different approaches and methods for impact evaluation, studies included in the review were selected mostly based on having credible strategies for measuring impact as well as a focus on farm performance including productivity, production and income. Of 271 agriculture evaluations identified in the literature, 86 met the criteria for inclusion. The majority of interventions were planned and implemented in the 1990s. Impact evaluations of these were produced between 2000 and 2009. The largest number of impact evaluations covered land or extension interventions. Other intervention types included market arrangements, irrigation, natural resource management, input technology, and microfinance.

IEG (2011) 'Evaluative lessons from World Bank Group experiences: Growth and productivity in agriculture and agribusiness'. IEG for World Bank.

http://siteresources.worldbank.org/EXTGPAA/Resources/Agribusiness_eval.pdf

This comprehensive independent review and evaluation of the World Bank's support for agriculture and agribusinesses, covers the period 1998 to 2008. During that time the World Bank invested USD 23.7 billion in financing for agriculture and agribusinesses in 208 countries (roughly 8% of total World Bank Group financing), spanning areas from irrigation and marketing to research and extension. It combines an assessment of both bank and IFC activities in the sector. It was conducted by the Independent Evaluation Group (IEG) with support of World Bank management. The report was commissioned in the context of the 2008 food crisis. It explores the decline of World Bank spending on agriculture and agribusiness prior to the crisis and derives lessons for future spending priorities.

GAFSP (2014) 'Changing lives: private sector solutions for helping small farmers'. GAFSP.

<http://viewer.zmags.com/publication/2eaedaa9#/2eaedaa9/52>

This publication provides short case studies for GAFSP investments around the world providing estimates of impact in terms of number of farmers reached, female employment opportunities created, etc. However whilst it provides detail on the sum and type of investment, it does not explain the rationale for choosing a particular investment mechanisms including advisory services.

GRAIN (2012) 'Land grab deals'. Jan 2012, GRAIN.

<http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs>

GRAIN provides a summary table of 416 large-scale "land grabs" by foreign investors for the production of food crops. The cases cover nearly 35 million hectares of land in 66 countries. It seems to have largely been put together to highlight concerns over "land grabs" and drive publicity.

Hallam, D. (2011) 'International investment in developing country agriculture: Issues and challenges.' *Food Security Journal*, 3 (Suppl 1):S91–S98.

<http://link.springer.com/article/10.1007%2Fs12571-010-0104-1#page-1>

This paper discusses the nature and the driving force behind international investment in developing country agriculture and economic, political, institutional, legal and ethical issues they raise for host countries, investors and the international community. The paper suggests that other approaches might be as effective and potentially more acceptable. It makes the case for a voluntary international initiative to guide investors. It also highlights that there is no detailed data on the extent, nature and impacts of international investment in developing country agriculture.

Höllinger, F. (2011) 'Agricultural finance: trends, issues and challenges'. GIZ and BMZ.

http://www.ruralfinance.org/fileadmin/templates/rflc/documents/06_giz2011-0460en-agricultural-finance.pdf

This paper provides an overview of the current state of rural finance, summarising recent advances and highlighting the remaining gaps and challenges. It is targeted at a broader audience of policy-makers, experts and practitioners in the fields of rural and agricultural development, financial sector development and microfinance who want a quick overview of the subject. The paper includes a discussion of agricultural finance including an overview

of core concepts and challenges of financial service provision in rural areas. It sets out the changing approach to rural finance over the past decades and a snapshot of the current status and recent trends in different regions. It also provides recommendations to the German Development Cooperation on issues and mechanisms to focus on, which may equally apply to other donors.

HighQuest Partners (2010) 'Private Financial Sector Investment in Farmland and Agricultural Infrastructure'. OECD Food, Agriculture and Fisheries Papers, No. 33, OECD Publishing

<http://www.oecd-ilibrary.org/docserver/download/5km7nnpjlr8v.pdf?expires=1433855050&id=id&accname=guest&checksum=866A54EA20F3D829E4A65DE1560A552C>

This report aims to gather information on the profile and role of private investment groups in agriculture and the impact they have on the communities where they operate. For the purpose of this report 54 funds/companies were contacted and 25 interviewed. As a group those interviewed accounted for about USD 7.44 billion in agricultural assets under management (total investment is estimated to be between USD 10-25 billion). There is an expectation that this level of investment in agriculture will double or triple in the near to long-term. Of the 25 funds/companies interviewed 20 were raising capital at the time. Interest is increasingly shifting towards Africa from Latin America for investments. The report provides findings on the profile of investors, structure of funds, assets under management, estimates of growth, investment activity, funding sources, investor types as well as local impact (only self-reported by interviewees) as well as sustainability issues.

IFAD (2010) 'IFAD decision tools for rural financing'. IFAD.

http://www.ifad.org/ruralfinance/dt/full/dt_e_web.pdf

The tool aims to provide decision-making support for IFAD country programme managers, consultants, project staff and technical advisers who develop and implement rural finance projects. It builds on IFAD Rural Finance Policy as well as other good practice guides. Though focused on IFAD, the framework and some of the experience outlined with programmes can be applied to other organisations. Though successes and failures are highlighted, no specific impact assessments are provided.

Liu, P. (2014) 'Impacts of foreign agricultural investment on developing countries: Evidence from case studies'. FAO.

<http://www.fao.org/3/a-i3900e.pdf>

Although there has been much debate about the potential benefits and risks of agricultural FDI, there is no systematic evidence on the actual impacts on the host country according to this report. To acquire an in-depth understanding of potential benefits, risks and constraints, FAO carried out country case studies on trends, determinants and impacts of foreign investments in agriculture. This paper presents the main findings of the studies (it seems to summarise elements of a previous FAO report (see Arias et al, 2012)). The studies suggest that the disadvantages of large-scale land acquisitions often outweigh the few benefits to the local community. The case studies suggest that investments that involve local farmers as equal business partners, giving them an active role and leaving them in control of their land, have the most positive and sustainable effects on local economies and social development. These inclusive business models need strong external support for supporting farmers and facilitating the investor-farmers relationship in order to succeed. They also require 'patient capital', as financial returns to investment are unlikely to materialize in the first years. Beside the business model, other important factors include the legal and institutional framework in the host country, the terms and conditions of the investment contract and the social and economic conditions in the investment area. Strengthening the governance and capacity of institutions in host developing countries is essential to enhancing the developmental impacts of foreign agricultural investment.

Lubinda, M. (2010) 'The evaluation of credit risk in structured finance lending transactions in agriculture'. Master thesis, University of the Free State, South Africa.

<http://etd.uovs.ac.za/ETD-db/theses/available/etd-10172011-134006/unrestricted/LubindaM.pdf>

This master's thesis aims to develop a model or tool that can be used to measure credit risk in agricultural based structured finance lending transactions arguing that most of the literature so far has focused on principles underlying structured finance lending techniques not returns.

Mhlanga, M. (2010) 'Private sector agribusiness investment in Sub-Saharan Africa'. FAO.

<http://www.fao.org/docrep/016/k7443e/k7443e.pdf>

This study is an appraisal of private sector investment in agribusiness and agro-industries in sub-Saharan Africa (SSA). The study aims to provide a holistic and comprehensive overview of private sector participation in the agricultural sector beyond the involvement of transnational corporations (TNCs) in primary production. Specifically, the objectives of the study are (1) to take stock of private agribusiness investment in Sub-Saharan Africa, (2) to analyse factors that propel or constrain investments in the sector, which includes a synthesis of policies and strategies relevant to the sector; and (3) to appraise and describe innovative public sector policies, programmes and institutions for stimulating additional private sector agribusiness investment. Several sources of data were consulted to map out private sector agribusiness investment in the region. Beyond these the study draws on a review of the literature highlighting enabling and constraining factors for agribusiness investment. It also documents current incentives and investment policies for agribusiness investment.

Miller, C. et al. (2010) 'Agricultural investment funds for developing countries'. FAO.

http://www.fao.org/fileadmin/user_upload/ags/publications/investment_funds.pdf

This report covers several aspects of the questions raised for this rapid desk based synthesis of evidence on financing mechanism for agribusiness development. The document explores agricultural investment funds as a vehicle for financing agricultural projects. It looks at the capital needs of the different agricultural actors along the agricultural value chain taking into consideration investment funds involving public as well as private investors and corresponding investment objectives. The publication draws heavily from a 2009 FAO-ConCAP research study "Agricultural investment funds for developing countries", which identified a broad range of investment funds that target agriculture in developing and transition countries. The identified funds were classified according to criteria such as geographic distribution, capital, shareholder and investor base, investment instruments, target group served and financial performance, as well as organizational and operational structure. Based on the selection criteria 31 agricultural investment funds were reviewed. Several of these funds include private as well as public investors. One third of the identified investment funds set up three years prior to the study are solely private capital investment funds. The major sources of capital need to come from private investors, public investment cannot meet the needs, but can be effective in stimulating and leveraging private investment in the sector. The study does not draw general conclusions on impact. That is because indicators such as return to investors and impact cannot be drawn in a comparative analysis of such a broad range of investment funds, especially as many of the initiatives have only been set up recently. However, a more in-depth review of six selected agricultural investment funds through case studies provides more detail on the set-up, operations and performance of some of the investment vehicles and management structures. Land investment funds are not covered in this study. The focus is on investments in agribusinesses further downstream the value chain.

Miller, C, L Jones (2010) *Agricultural value chain finance: Tools and lessons*. FAO and Practical Action.

This book sets out the debate around agricultural value chain finance and focuses on the range of value chain finance tools and mechanisms that have been applied around the world, provides mini-case studies as well as lessons learned. It provides classification, definition and examples of value chain finance mechanisms and tools. It organises instruments by product financing, receivables financing, physical asset collateralization, risk mitigation and structured enhancements, and provides illustrated descriptions of the most common products.. The book is built on actual case studies that were presented at a series of FAO conferences, which took place in Asia, Africa and Latin America in 2006 and 2007.

Mirza, H, W Speller, G Dixie, Z Goodman (2014) 'The practice of responsible investment principles in large-scale agricultural investments: Implications for corporate performance and impact on local communities'. Report No 86175-GLB, World Bank.

http://unctad.org/en/PublicationsLibrary/wb_unctad_2014_en.pdf

The report is the first of its kind large scale field survey of large-scale agricultural investments. It aims to provide first-hand practical knowledge of the social, economic and environmental impacts of mature large scale agribusiness investments on local communities. It is based on a comprehensive field-based survey on the conduct of agricultural operations at 39 large-scale agribusiness investments in Sub-Saharan Africa and Southeast Asia. The research included interviews with senior management of companies as well as local communities. The report finds that a win-win situation vis-à-vis investment performance and their wider positive economic, social and environmental impact is achievable. However, it tended to be investors that were financially and operationally successful that also tended to have the most positive impact on their host economies and surrounding communities. The report highlights key benefits and negative outcomes of investments studied, which provide a helpful indication of potential opportunities, impact and risk associated with large scale investments. It also sets out roles by government, investors and civil society that influence potential impact. It provides indicators of success by type and size of investment based on an UNCTAD-World Bank Survey of Responsible Agricultural Investment Database. However, it does not elaborate on the how financing mechanisms of investments affect impact.

Nankhuni F, G Paniagua (2013) 'Meta-evaluation of private sector interventions in agribusiness: Finding out what worked in access to finance and farmer/business training'. Impact Department, Advisory Services Unit, IFC (CDIAS), IFC and the World Bank Group.

http://www.ifc.org/wps/wcm/connect/1b6d2580413424efabc0bbdf0d0e71af/CDI_Agribusiness_Meta_Evaluation.pdf?MOD=AJPERES

This evaluation sought to answer four questions: (1) what is the evidence for the impact of access to finance and farmer/business training interventions on agribusiness indicators? (2) What impact pathways were followed by these access to finance and farmer/business training interventions? (3) What methodologies/approaches have been used to conduct the evaluations? Were they properly applied? And (4) what lessons and findings can inform IFC? This evaluation is based on 66 studies. These include 44 impact evaluations using randomised control trials and quasi-experimental designs that passed the assessment for quality and 22 further meta-evaluations and reviews/studies that provided information on what is known from previous studies. Studies included in this evaluation went through an elaborate selection process. Though not Africa focused, several examples of African initiatives are included. It highlights that IFC though a leading provider in access to finance to the private sector in developing countries, has not been conducting quality impact evaluation to measure its impact in provision of access to finance in agribusinesses. The

conclusions of the report are designed to inform IFC decision making process. They can equally be applied to other development finance intuitions, however.

OECD (2007) *Business for development: fostering the private sector*. Chapter 3 'Agriculture in Africa: Open for businesses'. A Development Centre Perspective, OECD.

<https://books.google.co.uk/books?id=xM3VAgAAQBAJ&pg=PA110&lpg=PA110&dq=Persistent+shortcomings+hamper+the+emergence+of+a+competitive+agricultural+sector+on+the+continent&source=bl&ots=RuTM3O8gzP&sig=wbgR8jalPqL18ef0D85HTI4X0Fw&hl=en&sa=X&ved=0CCEQ6AEwAGoVChMI7JX9kiWQxgIViMByCh2StgD1#v=onepage&q=agribusiness&f=false>

This chapter reviews the current state of agriculture in Africa, its export potential and suggest ways forward. The chapter focuses specifically on Zambia and Tanzania, which have prioritised private sector led growth through diversification and trade expansion in agriculture. The chapter also briefly discusses the missing middle, not just in terms of finance but size of agricultural companies in operation. It also does not focus on financing agriculture but discusses other key determinants in the enabling environment affecting agricultural productivity.

Palmer, K. (2011) 'Financing early stage agriculture in Africa'. *World Finance* Jan-Feb 2011, 89-91.

http://www.keithpalmer.org/pdfs/Financing_early_stage_agriculture_in_Africa.pdf

The article argues that investment of patient capital can stimulate rapid growth of agriculture in Africa stating that the best mechanisms is a public private equity fund in which public sector donors (and private sector foundations and social impact investors) fund a tranche of patient capital and private investors fund a tranche of private equity expected to generate commercial returns. However, though some private public equity funds are briefly referred to in this short article, there is no use or reference to evidence.

Pelrine, R. et al. (2010) 'The role of financial services in agribusiness development: a primer. USAID and Land O'Lakes Inc.

http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CC8QFjABahUKEwiG-vLd6YrGAhUDgdsKHSmAKA&url=http%3A%2F%2Fimproveruralincome.woccu.org%2Fdocuments%2FThe_Role_of_Financial_Services_in_Agribusiness_Development%3A_A_Primer&ei=Zip7VYavJ4OC7gaozIGACg&usq=AFOjCNEMive5sI-TYAvXfsuCeBcpsaGpiA&bvm=bv.95515949,d.ZGU

This document provides a basic overview of different types of financial services in agribusiness development. It was written to serve as a foundation for broader discussions on structuring agribusinesses, specifically cooperatives, for growth to be used by development staff, business partners as well as other stakeholders such as foundations. It provides the headlines for financial concepts in rural finance including individual financial products and financing strategies that incorporate multiple products, factors that enable or impede proper development of financial services, the role of development organisations in speeding up agribusiness development using financial services as a catalyst. The document includes a short section on lessons learned. However, as presented this seems to be largely based on personal experience of the authors rather than formal impact assessments and analysis.

Poulton, C, J Macartney (2012) 'Can public-private partnerships leverage private investment in agricultural value chains in Africa? A preliminary review'. Elsevier, Volume 40, Issue 1, January 2012, pages 96-109.

http://ac.els-cdn.com/S0305750X11001471/1-s2.0-S0305750X11001471-main.pdf?_tid=f0324f60-0e88-11e5-960a-00000aab0f6c&acdnat=1433841881_138b6450d33b687901ee6674b26386df

This paper seems to be a short version of Poulton's 2009 paper. This paper considers a range of PPP mechanisms that respond to different market failures affecting such chains, including state failure. It provides a useful brief summary of sources of failure in agricultural markets and possible PPP solutions as well as a typology of PPPs for leveraging private sector investment. In regards to the latter, the paper compares a very limited number of PPPs in Africa with other regions as well as other sectors within Africa. Specifically the paper distinguishes between PPPs for capital investment, for service delivery (including agricultural extension services and demand stimulation), for new products and services (including challenge funds), for research, and finally for loan guarantees funds. Evidence is only discussed to a very limited extent and for each type of PPP only a few examples are referred to. The authors conclude that there is little information on innovative PPPs for agricultural value chains. There are two reasons for this, most PPPs are still at proof-of-concept stage and there have been few formal evaluations. Though only a limited number of PPPs were reviewed for this paper, it may provide a useful high-level overview or issues to consider.

Poulton, C (2009) 'An assessment of alternative mechanisms for leveraging private sector involvement in poorly functioning value chains'. AAACP Paper Series – No. 8, Food and Agriculture Organization of the United Nations.

http://www.fao.org/fileadmin/templates/AAACP/eastafrica/FAO_AAACP_Paper_Series_No_8_1_.pdf

This paper is the earlier version of Poulton's shorter 2012 paper. The author argues that whilst innovative public private partnerships to leverage private investment in poorly functioning agricultural value chains have been much discussed, there has been little action and hence little evidence to draw on. The article aims to answer the question of how strong the evidence base is regarding the effectiveness and impact of alternative mechanisms for leveraging private sector investment in poorly functioning value chains and what conclusions can be drawn. The author claims to have reviewed the limited available evidence and where there is no evidence, he derives a conclusion by assessing the intervention design and drawing on theory and lessons from investments in other context and sectors. He concludes that in some cases PPPs succeed in removing or alleviating binding constraints to private investments. Reviews of private service delivery mechanisms found that it is only provided where it has been contracted. Reviews of challenge funds have tended to conclude that they have encouraged or hastened investment with high social returns (although additionally questions are hard to answer). Reviews of loan guarantees to agro-dealers have shown that they enable them to expand the volume of their operations. According to the author little information is yet available to show whether or not loan guarantees to commercial banks have resulted in significant new lending to agriculture.

Riddel (2010) 'Impact investing in commercial African agriculture'. GIIN.

http://www.thegiin.org/binary-data/RESOURCE/download_file/000/000/113-1.pdf

The report draws on a literature review as well as qualitative interviews with key informants to outline opportunities to invest in African agriculture in a socially and environmentally beneficial manner. This report aims to provide investors with an understanding of the emerging opportunities and key considerations when making high-impact investments in and across the agricultural value-chain, in addition to some of the common paths to avoid. It provides an overview of approaches by sector and investment model referring to country specific experiences and examples.

SAVCA and DBSA (2009) 'The economic impact of venture capital and private equity in South Africa'. SAVCA, Illovo.

<http://www.savca.co.za/wp-content/uploads/2014/04/SAVCA-DBSA-Economic-Impact-Study-2013.pdf>

This survey is based on questionnaires posed to private equity investee companies' managers in South Africa to assess both the perceived and measurable impact private equity backing has had on their businesses. No detail is provided on exact financing mechanism, however, and it does not focus on agriculture, neither does it address broader socio-economic impacts beyond the firm.

Schmidhuber, J. et al. (2009) 'Capital requirements for agriculture in developing countries to 2050'. Paper presented at the FAO expert meeting on How to Feed the World in 2050, 24-26 June 2009, Rome.

<http://www.fao.org/3/a-ak542e/ak542e09.pdf>

This paper is an interim report of ongoing work at FAO to estimate investment requirements in developing countries' agriculture. The estimates presented in the paper are not final. Estimates presented in this paper embody a broad range of capital items needed to achieve the 2030 and 2050 crop and livestock production levels in developing countries as foreseen by FAO. The majority of these capital items relate to primary agriculture. In addition, a number of activities covered relate to agribusiness.

Sene, L. (nd) 'The evolution of the missing middle landscape'. Blog, Africa.com

http://www.africa.com/blog/the_evolution_of_the_missing_middle_landscape/

This blog provides a very quick discussion of how in recent years SME finance has broadened in terms of capital types and focus moving towards closing the Missing Middle.

Sikand, D., Kunyiha, K. (2011) 'PE funds improving corporate governance and investor climate'. *Private Sector Development*, N12/October 2011, pp 10-12, Proparco.

http://www.proparco.fr/jahia/webdav/site/proparco/shared/PORTAILS/Secteur_privé_de_developpement/PDF/SPD12/Article_D_Sikand_K_Kunyiha_SPD12_UK.pdf

The article argues that fund managers have a significant impact on governance standards and that the resulting improved performance is transmitted to other corporate entities and entrepreneurs emulating them to replicate success. With increasing acceptance of private equity capital, the probability of best practices being adopted greatly increases according to the authors. The article does not draw on any evidence to support this and is written by private equity investors.

Silici, L. and Locke, A. (2013) 'Private equity investments and agricultural development in Africa: Opportunities and challenges'. *Future Agricultures, Working Paper 062.*

http://www.ruralfinanceandinvestment.org/sites/default/files/FAC_Working_Paper_062-1_pdf.pdf

This review provides a good overview of the existing literature on private equity investments and agricultural development in Africa as of June 2013. As the literature available on the extent and impacts of private equity investments in Africa is still very limited, the review is supplemented with information gathered during interviews with private equity firm managers and other key informants. The documents provides a list of private equity funds that have targeted the agricultural sector in Africa since 2005. It also sets out the headline issues regarding opportunities and challenges in relation to private equity investments into African agriculture.

Syed, S. and Miyazako, M. (2013) 'Promoting investment in agriculture for increased production and productivity'. Japan Trust Fund project.

<https://books.google.co.uk/books?id=HlveAgAAQBAJ&pg=PA70&lpg=PA70&dq=There+is+also+evidence+of+adverse+environmental+impacts,+in+particular+the+degradation+of+natural+resources+such+as+land,+water,+forests+and+biodiversity&source=bl&ots=XIYREQd9Dz&sig=3ISVoXxeT-fou2Jg96mJkh5TPzk&hl=en&sa=X&ved=0CCEQ6AEwAGoVChMI0NyHI5OVxgIVsAjbCh3c9ADI#v=onepage&q=There%20is%20also%20evidence%20of%20adverse%20environmental%20impacts%2C%20in%20particular%20the%20degradation%20of%20natural%20resources%20such%20as%20land%2C%20water%2C%20forests%20and%20biodiversity&f=false>

This reports provides an overview of the literature on the types of agricultural investments, empirical measurements of investment in agriculture reviewing available evidence, who invests in agriculture and what the drives of these investments are.

This is Africa (2012) 'Agriculture: Realising Africa's potential'. *This is Africa* special report funded by Rockefeller Foundation.

<http://www.thisisafrikaonline.com/Microsites/Agriculture>

This special edition report includes news articles on financing agricultural growth, catalytic innovation and value addition among others, as well as a country case study for Nigeria. However, though it provides an interesting overview and some examples, these are not substantiated.

Thomas, L. (2012) 'Technical report: Study on private equity in agribusiness in Southern Africa'. USAID.

<http://farmlandgrab.org/uploads/attachment/Technical%20Report%20-%20Private%20Equity%20in%20Agribusiness%20in%20Southern%20Africa.pdf>

The report aims to identify potential interventions to enhance the capacity of newly created private equity funds in agriculture and/or agribusiness in Africa, especially the stimulation of technical assistance to agricultural value chains. It reviews ten funds out of a potential 110 and where possible provides case studies of specific investments (for example Actis African Agribusiness Fund). For the funds reviewed, the report provides a brief summary in terms of investment strategy, investments, and support to investees, exit strategy and track record. The report finds that development finance institutions are new but also very crucial contributors to agricultural private equity funds. However, development finance institutions tend to have different and often more complex funding procedures than private equity investors, which makes collaboration complicated at times. Further, whilst private equity funds do appreciate technical assistance funding, it is not a standard ingredient of fund offering at this point. Finally, the typical time span of usually around 10 years or less makes the lengthy regulatory procedure involving governmental intuitions a stumbling block for funds. Recommendations are provided to address these findings.

Tyler, G. and Dixie, G. (2013) 'Investing in agribusiness: A retrospective view of a development bank's investments in agribusiness in Africa and Southeast Asia and the Pacific'. World Bank.

<https://openknowledge.worldbank.org/handle/10986/16660> License: CC BY 3.0 IGO

This study analyses the experience of the CDC as an investor in commercial smallholder and estate agriculture and agro-processing in Sub-Saharan Africa and Southeast Asia and the Pacific between 1948 and 2000. It is based on a simple analysis of data from around 150 CDC investments to determine whether success and failure can be correlated to any critical factors. In broad terms the analysis shows that: (1) fewer than one in five projects surveyed were rated complete failures, delivering no significant direct development or financial benefits, (2) nearly two-thirds of projects achieved the intended direct

development impact, (3) over half achieved reasonable or good overall financial performance, (4) when equity investment was involved, one in six achieved compound equity rates of return of over 12 percent. It also includes a comprehensive list of possible success and failures at different stages of investments in the annex and some though limited analysis on the impact of for example estates vs. outgrower schemes, impact of size of investment, etc.

Uy, M. (2014) 'Governing commercial agriculture in Africa: the challenges of coordinating investments and selecting investors'. World Bank Group, Washington DC. Chapter 10 in *Sustainable Economic Development*.

<https://books.google.co.uk/books?id=03XeAwAAQBAJ&pg=PA169&dq=failure+rates+of+agribusiness+investment+africa&hl=en&sa=X&ved=0CDcQ6AEwAGoVChMIx9ProJyKxgIVInbCh3bqQAd#v=snippet&q=chapter%2010%20&f=false>

This chapter focuses on how private investors and governments in Africa can work with each other to overcome bottlenecks in commercial agriculture. It focuses on the need to coordinate interdependent private and public investments, especially in infrastructure, to reduce investment risks. Governing this coordination requires effective mechanisms for investor selection, such auction and enforcement of requirements for keeping land leases according to the authors. The chapter also describes emerging mechanisms for information sharing between public and private sector to better understand the bottlenecks for investments and improved productivity and to provide solutions to these and for coordination within spatial or sectorial development strategies. It highlights the importance of engaging communities and local stakeholders to manage the social risks associated with land transfers and ensure that they benefit from the commercial investments. The authors argue that there is clearly room to learn from global experiences in governing commercial agriculture, both successes and failures to adapt lessons to the country context, as shown by some emerging practices in governing commercial agriculture in Africa.

Vermeulen, S. and Cotula, L. (2010) 'Making the most of agricultural investment: A survey of business models that provide opportunities for smallholders'. IIED, FAO, IFAD, SDC, London/Rome/Bern.

<http://pubs.iied.org/pdfs/12566IIED.pdf>

This literature review discusses the impact of different types of business models on smallholder farmers. Business models are discussed under six broad headings: contract farming, management contracts, tenant farming and sharecropping, joint ventures, farmer-owned business and upstream/downstream business links. The inclusiveness of a business model is assessed in regards to ownership, risk, reward and voice. The report finds that there is not a single best model. The intention is not to provide a best practice guide, but rather a survey of a range of possible business models, considering their pros and cons, opportunities and constraints and options for scaling up. What works best for smallholders while still being attractive to investors is highly context specific and is contingent on tenure, policy, culture, history as well as on biophysical and demographic considerations, according to the authors.

World Bank (2007) *World Development Report 2008: Agriculture for development*. World Bank.

http://siteresources.worldbank.org/INTWDR2008/Resources/WDR_00_book.pdf

This World Bank flagship publication addresses three main questions: (1) what can agriculture do for development, (2) what are effective instruments in using agriculture for development, and (3) how can agriculture-for-development agendas best be implemented? One chapter focuses on linking agriculture to markets and discusses public and private options for strengthening farmer links to markets, as well as public and private

sector roles to enhance trade-related SPS compliance and quality management capacity. It also explicitly discusses the role of agribusinesses.

World Bank (2006) 'Meeting development challenges: Renewed approaches to rural finance'. 32730, Agriculture and Rural Development Department, World Bank.

This paper explores three pillars of rural financial sector development: government policies and enabling regulatory and legal environment, infrastructure and financial institutions. The purpose of the paper is to provide practical guidance to World Bank staff, who design and implement rural finance projects. It is meant to inform the design for rural finance projects and also to enable advisors to provide advice and guidance to counterparts. Specifically it also discusses the issues of appropriate subsidies and the use of grants versus credit. Rural finance for the purpose of this paper includes the provision of financial services such as savings, credit, payments and insurance to rural populations by organisations that exist along a continuum from formal to informal, ranging from commercial banks to informal village-based savings groups. This includes financing for agriculture, agro-processing and other rural enterprises, from part-time income generating activities to full-time micro-enterprises to small and medium size (SME) enterprises.

World Bank (2005) 'Rural finance innovation: topics and case studies'. Report No. 32726-GLB, Agriculture And Rural Development Department, World Bank.

http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2005/12/07/000012009_20051207130755/Rendered/PDF/327260rev0whit1P088692ORFI01public1.pdf

This study focuses on four key areas where innovation could lead to greater access to agricultural finance: warehouse receipts and collateral securitisation mechanisms, risk management products, supply chain finance, and technology. The paper describes the issues surrounding the themes and how then new techniques can be used to overcome traditional barriers to providing financial services to agriculture by reducing either the risks associated with lending, the costs, or both. The case studies and thematic discussions also underscore some key lessons regarding the role of government in lowering costs and risk in the rural finance space. Specific African case studies include the integration of credit and marketing of horticulture in Kenya, supply chain financing in Zambia and risk management in Tanzania.

World Bank (2005) 'Agriculture Investment Sourcebook'. Washington DC: World Bank.

http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2005/11/18/000011823_20051118163155/Rendered/PDF/343920PAPER0Ag101OFFICIAL0USE0ONLY1.pdf

The Sourcebook was intended as a ready reference for practitioners seeking summary information on the state of the art about good practice for agricultural investments, and innovative activities that merit close monitoring for potential scaling up. It draws on experience from all regions and thematic groups of the World Bank, and from the experience of partner organisations. One module of the sourcebook focuses on investment in agribusiness and market development agricultural investment exploring issues around market and supply chain development, horticultural exports from developing countries, private seed enterprise development, private sector fertilizer distribution systems as well as on getting markets right. This module includes one African case study looking at export Mango systems in Mali. It also defines both public and private sector roles in agribusiness development.

Yumkella, K. et. al. (2011) *Agribusiness for Africa's Prosperity*. UNIDO.

https://www.unido.org/fileadmin/user_media/Services/Agro-Industries/Agribusiness_for_Africas_Prosperty_e-book_NEW.pdf

The book comprises three parts: Part A outlines the current status of agribusiness and agro-industrial activities in Africa, in an historical and global context. The seven chapters constituting Part B of the book analyse the seven development pillars for agribusiness development, in terms of enhancing agricultural productivity; upgrading value chains; exploiting local, regional and international demand; strengthening technological effort and innovation capabilities; promoting effective and innovative financing; stimulating private participation; and improving infrastructure and energy access. In regards to promoting effective and innovative financing, this chapter provides a comprehensive examination of the challenges in agribusiness development financing, and lays out a set of measures to overcome these, focusing on the provision of financing in terms of capital for agribusiness development. In this regard, funding for fixed investment and working capital at a micro level, and access and availability of development financing for agribusiness at the macro level are discussed. The chapter follows the concept of value chain finance, examining funding issues at each stage of the agribusiness value chain. The analysis of the seven development pillars, is followed by an agenda for action in Part C, with a key focus on visions, policies, strategies and institutions for Africa's agribusiness development and the way forward towards converting plans into action.

The following resource centres may provide useful references in addition to the literature above:

- Rural finance and investment learning centre:
(<http://www.ruralfinanceandinvestment.org/>)
- Agricultural Finance Support Facility (Agrifin):
(<https://www.agrifinfacility.org/>)