

Info Note

STRENGTHENING FOOD SYSTEMS TRANSFORMATION IN EAST AND SOUTHERN AFRICA: LEVERAGING SCIENCE DRIVEN BUSINESS ACCELERATION TO CATALYSE PRIVATE SECTOR FINANCE



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Key Messages

- Agriculture in Africa has untapped potential to meet regional and global food demands, but it faces challenges like fragmentation, inefficient value chains, and climate shocks. Transforming food systems will come at a cost.
- There is an opportunity to harness business acceleration as a catalyst for private sector financing food systems transformation, and a powerful scaling mechanism for climate-smart agriculture (CSA).
- Science and research have a role to play in business acceleration to support the adoption and strengthening of CSA practices, benefiting both agribusiness performance and smallholder farmers.
- Combining tailored CSA technical assistance with investment readiness in an integrated approach holds significant potential for driving regional food systems transformation because it ensures that agribusinesses not only have access to the necessary knowledge and expertise but are also well-prepared to secure the financial resources required for implementing sustainable and climate-smart solutions.
- Selecting appropriate funding partners and mechanisms, acquiring investment knowledge, nurturing relationships with capital providers, and showcasing social and environmental impact are vital for successful financing in the agriculture sector.

Despite the agriculture sector's potential in Africa to meet global food demands, performance in critical areas such as production and distribution of food has remained low. Fragmentation, inefficient value chains, and vulnerability to climate shocks continue to hinder farmers and market systems. Among those most affected by these inefficiencies and threats are the smallholder farmers.

With the region's population expected to nearly double and account for almost half of Africa's population by 2050¹, coupled with unsustainable farming practices and environmental degradation, there is a growing recognition of the need for a nexus-based food systems transformation. This approach encourages making the most of available resources effectively. By doing so, it can boost productivity by reducing losses, minimizing crop failures, diversifying crops in various ways, and increasing income through better market linkages. The potential impact of targeting these market gaps is immense, however, it's important to acknowledge that this transformation comes at a cost.

Traditional development finance, while important, falls short of catalysing the required capital. Approximately, only 15% of the annual US \$45 billion allocated by Development Finance Institutions goes to the agriculture sector.² In 2021, out of the US \$4.9 billion in venture financing in Africa, only 4% was allocated to agriculture.³

The limited participation of private sector investors in the agriculture sector, despite its high impact, can be attributed to multiple factors. These include a high perception of risk, stemming from climate-related uncertainties, along with challenges in assessing and managing these risks. Information asymmetry between investors, financial institutions,

and investees or borrowers further complicates matters. In addition, investors are concerned with high transaction costs, mainly when dealing with relatively small ticket sizes. Given the prior reasons investors and financial institutions (FIs) have difficulty identifying a sufficient pipeline of investment-ready and bankable agricultural projects.⁴

Business acceleration can be a strategic approach for catalysing private sector financing and a scaling mechanism for inclusive climate-smart solutions.

Acceleration is a program that offers technical assistance, capital, mentorship and connection to investors and other partners. It is designed to select businesses with promising business models to scale growth and impact rapidly.

Technical assistance provided to businesses aims to de-risk their business models, making them more investor ready and bankable, thereby attracting more private capital.

Furthermore, agribusinesses (SMEs⁵ and agritech⁶) are a fundamental part of the agricultural ecosystem and are already solving the highlighted challenges. They play a vital role in transforming the sector, offering innovations that increase yields and productivity sustainably, de-risk and improve value chain linkages, increase farmer incomes, and strengthen land, food, and water systems.

The CGIAR Food Systems Accelerator (CFSA) program is a science-driven⁷ accelerator within the [Ukama Ustawi CGIAR Initiative on Diversification in East and Southern Africa](#), designed to support agribusinesses scale climate-smart innovations that address pressing challenges in East and Southern Africa food

¹ United Nations Population Fund (UNPFA). (2023). Population Matters. <https://esaro.unpfa.org/en/topics/population-matters>

² Convergence, Rabo Bank, Alliance of Bioversity and CIAT. (2021). Scaling Up Critical Finance for Sustainable Food Systems through Blended Finance. <https://cgspace.cgiar.org/handle/10568/115123>

³ Briter Bridges. (2021). Africa Investment Report. <https://briterbridges.com/africainvestmentreport2021>

⁴ Briter Bridges (2022). The Agribusiness Ecosystem in East and Southern Africa: Exploring the Role and Synergies of Key Stakeholders in the Space. <https://cgspace.cgiar.org/handle/10568/125136>

⁵ Small and Medium Enterprises

⁶ Agriculture technology company

⁷ A science-driven accelerator program is an initiative or platform that leverages scientific research, expertise, and data to support businesses, startups, or innovative projects scale sustainably bridging the gap between scientific innovations and their practical applications in the market.

systems (ESA). By combining investment readiness with tailored science based technical assistance, CFSA provides agribusiness companies with the necessary tools and knowledge to become more commercially viable and sustainable. This approach promotes sustainable agricultural practices that can enhance food production while mitigating and adapting to the impact of climate change. The program prioritizes agribusinesses scaling innovations designed with a user centric approach for smallholder farmers and that have a strong potential for commercial sustainability. This info note aims to provide a comprehensive overview of the acceleration methodology, results, and key learnings, of implementing the first cohort of the program.

Program Overview

The CFSA program is designed to support and scale climate-smart solutions within the agriculture sector in ESA. The primary objectives of the program are twofold:

Scaling climate-smart solutions: the program identifies and accelerates innovative agribusinesses that are working to provide climate-smart solutions that tackle critical challenges within ESA food systems. By scaling these solutions, the program strives to enhance the resilience of agricultural practices, mitigate climate-related risks, and improve overall food security and sustainability. Solutions can be digital, technical, products, services, processes, or business models in the following priority themes:

- **Mechanization and irrigation** solutions aimed at catalysing and expanding a private sector-led approach. This is through (1) irrigation which aims to optimise water productivity and water use efficiency for improved agricultural

water management (AWM) and (2) farm machinery support to reduce labour intensive farming practices. Some examples of innovations under this theme include solar powered irrigation, deficit irrigation scheduling practices, grading and sorting equipment, storage, and processing equipment.

- **Conservation agriculture** theme focused on promoting minimum soil disturbance and crop diversification to enhance the natural biological processes. Some examples of innovations under this theme include, agriculture-based sustainable intensification management practices, Integrated Soil Fertility Management (ISFM) and Integrated Pest Management (IPM).
- **Nutrition** sensitive climate-smart agriculture solutions aimed to produce more nutritious food by looking at product value chains such as pulses, soybeans, groundnuts, cassava, horticulture, non-timber forest products (NTFP), and value addition processes.
- **Agriculture risk management (ARM)** solutions aimed to identify, evaluate, and minimize risks in agricultural activities, for example, advisory services, digitizing the value chain and agri-finance (microinsurance, savings, lending, and credit guarantees).

Enhancing investment readiness: the program equips selected agribusiness with the necessary tools, knowledge, and resources to become investment ready⁸. By providing tailored investment readiness technical assistance, the program seeks to enhance the commercial viability and financial attractiveness of these enterprises, facilitating their access to investments.

⁸ The CFSA defines investment readiness as the follows: for a business to be "investor-ready" means that it has taken specific steps and met

certain criteria that make it an attractive and compelling investment opportunity for potential investors.

Rationale for Blending Climate-Smart Agriculture Technical Assistance with Investment Readiness Technical Assistance

The decision to blend climate-smart agriculture technical assistance with investment readiness technical assistance arises from strategically recognizing the interconnectedness between sustainability and financial viability in agribusinesses. By combining these two elements, the program aims to create a robust support system that empowers agribusinesses to navigate both the climatic and financial challenges inherent in the agricultural sector.

Climate-smart agriculture technical assistance ensures that participating agribusinesses adopt sustainable and climate-resilient practices, thus contributing to the broader goal of building a climate-resilient food system. Simultaneously, investment readiness technical assistance aims to equip these businesses with the necessary skills to attract investors, secure funding, and potentially scale their impact in the

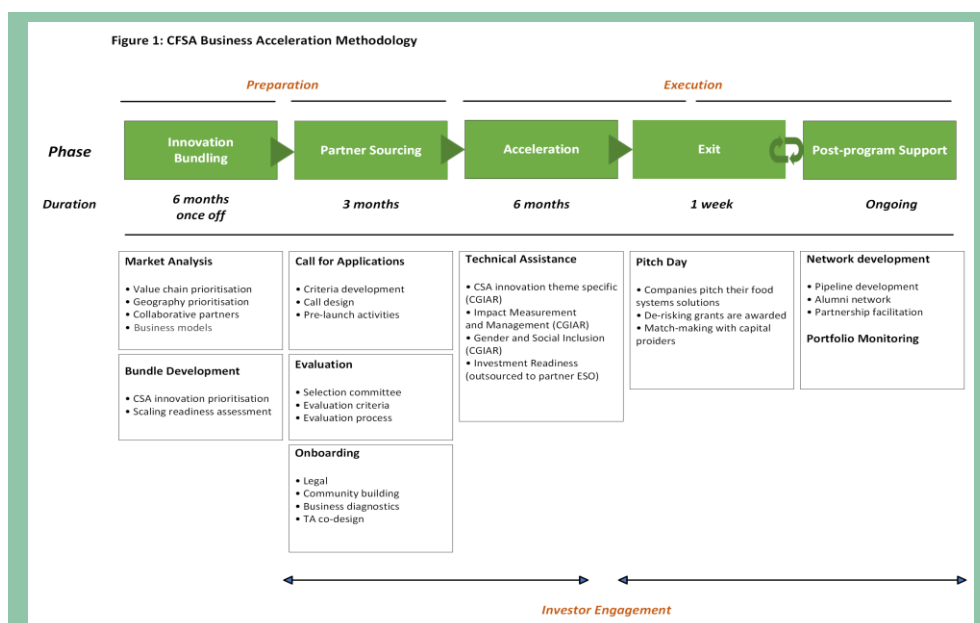
market. By synergizing these two components, the program endeavours to enable agribusinesses to work towards transformative outcomes that have the potential to be both environmentally sustainable and financially profitable.

Technical Design and Approach

The CFSA Program is strategically designed to drive transformative change in the agriculture sector of ESA by empowering agribusinesses with the knowledge, skills, and resources needed to thrive in the context of climate-smart agriculture. The program adopts a comprehensive and holistic approach to achieve its objectives, focusing on promoting innovation, scalability, and measurable impact.

Methodology and Tools

The program uses a combination of methodologies and tools to ensure success. The acceleration model shown in Figure 1 builds on the [AICCR Zambia business acceleration](#) framework.



1. Innovation bundling

The process began with a [market analysis](#)⁹, aiming to incorporate demand-driven insights into the design of the accelerator program. This involved assessing the ecosystem landscape and profiling key stakeholders, such as agribusinesses, capital providers, agri-corporates, and entrepreneur support organizations (ESOs). It also included defining the financing market's size, exploring investment opportunities, and identifying existing challenges and support requirements within the ecosystem. The assessment subsequently yielded recommendations for an accelerator program tailored to address current needs and complement ongoing initiatives. It also informed decisions related to value chain prioritization, country selection, suitable collaboration partners, and commercially viable business models.

After the market analysis phase, the CFSA program design drew upon information provided by the [CGIAR Innovation Packages and Scaling Readiness \(IPSR\) Framework](#). This data highlighted core scientific innovations developed by the CGIAR Initiative on Diversification in East and Southern Africa, aligning them with the market analysis findings. This alignment enabled the prioritization of the program's key innovation themes and the establishment of criteria for the Call for Applications.

The insights gained from the market analysis and bundle development played a crucial role in shaping the program's direction and defining its priority innovation themes, ultimately guiding the development of application criteria

and focus areas for climate-smart agriculture technical assistance.

2. Sourcing of Agribusinesses

Call for Applications: The first step in the sourcing process was the "Call for Applications." An open invitation was extended to agribusinesses operating in the target countries to apply for the program. The call was widely disseminated through various channels to attract a wide range of potential candidates, including online platforms, partner organisations, and industry networks.

Evaluation: A 3-step evaluation and screening process ensued once the application period closed. A team of internal and external experts and evaluators with domain and regional experience reviewed the submitted applications based on predefined criteria, including the agribusiness' alignment with the program's objectives, innovative nature, potential for scalability, and commitment to CSA. Agribusinesses that demonstrated a high potential for CSA impact and growth were shortlisted for further consideration.

Onboarding: After shortlisting, the selected agribusinesses entered the crucial onboarding stage. This stage began with a group workshop that served as a cornerstone for community building, providing an overview of upcoming activities and fostering introductions between the agribusinesses and technical assistance providers. Following the group discussions, the process proceeded to individual intake calls, which played a crucial role in gaining deeper insights into each agribusiness' unique expectations and requirements. The primary objective of these sessions was to ensure alignment between these expectations and the technical assistance support provided by the program.

⁹ Briter Bridges (2022). The Agribusiness Ecosystem in East and Southern Africa: Exploring the Role and Synergies of Key

Stakeholders in the Space. <https://cgspace.cgiar.org/handle/10568/125136>

Furthermore, each agribusiness demonstrated their commitment by signing an accelerator agreement, affirming their willingness to dedicate the required time and provide essential information to ensure the success of the technical assistance delivery.

Results

The CFSA Call for Applications yielded an impressive total of **849 applicants**, of which **288 met the high-quality standards** for prequalification. The application data¹⁰ showed significant participation from women-led or co-led agribusinesses, **with 69% of the applicants featuring at least one woman** in the founding team. Furthermore, **a remarkable 72% of the applicants expressed their focus on smallholder farmers** in their business model, **while 52% reported having digital innovations**, showcasing the potential of technology in transforming regional food systems. Among the food value chains mentioned most frequently were maize, beans, soya beans, potatoes, livestock, and rice, highlighting further opportunities for diversification.

The following ten agribusinesses were selected for the first cohort: [Afri-Farmers Market Ltd](#) (Rwanda), [Aggregators Trust Rwanda](#) (Rwanda), [Batian Nuts Ltd](#) (Kenya), East Agriculture Development Company Ltd (Uganda), [Farm Depot Ltd](#) (Zambia), [Forest Africa Zambia Ltd](#) (Zambia), [Shamba Records](#) (Kenya), [Stable Foods](#) (Kenya), [The Insectary Kenya](#) (Kenya), and [Yellow Star Produce and Food Processors \(U\) Ltd](#) (Uganda). **60% of the businesses are women-led or co-led, 30% are youth-led, 50% are early-**

stage¹¹ companies, and 50% are in their growth stages¹². Out of the total participants, 20% were classified under the priority theme of Irrigation and Mechanisation, 60% under Nutrition, and 20% under Agriculture Risk Management. While no companies were explicitly categorized under Conservation Agriculture, it was observed that 50% of the companies incorporated elements of conservation agriculture into their operations.

Learnings

- **Diverse Network Engagement:** The success of a Call for Applications relies on a broad network of both online and offline channels. By leveraging diverse platforms, including digital platforms and local communities, the program can attract a vast pool of potential applicants, catering to those who may not be active online, a common scenario in the agriculture sector.
- **Clear and Aligned Criteria:** The criteria for evaluating applications should be concise, transparent, and closely aligned with the program's objectives and funding priorities. This ensures that the evaluation process remains focused on identifying agribusinesses that best fit the program's goals.
- **Inclusive Evaluation Approach:** Combining internal and external evaluators, who are diverse is crucial to avoid biased perspectives and bring varied viewpoints and market nuances into the selection process. This approach enhances the overall quality and impartiality of the evaluations.

¹⁰ This is self-reported data and has not been verified.

¹¹ An early-stage company, also known as a start-up or early-stage venture refers to a young business in the initial phases of development. These companies are in the early stages of operations, with limited or no commercial history and are often seeking to establish their business model, prove their product or service viability.

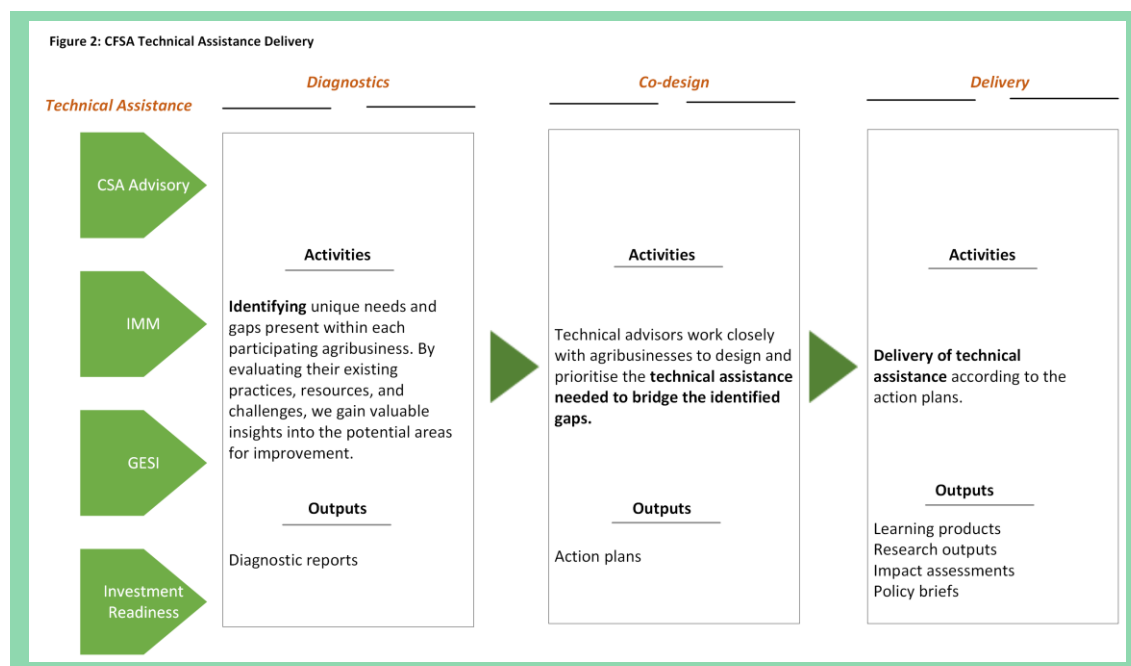
¹² A growth stage company refers to a business that has successfully navigated through its early stages and has demonstrated a sustainable business model. At this point, the company is experiencing significant revenue growth, expanding its customer base, and likely has a positive cash flow. Growth stage companies have proven their product or service viability and are focused on scaling their operations, increasing market share, and maximizing profitability.

- Attracting Female Founders and Youth:** To foster gender and youth inclusivity, it is essential to design the application criteria and selection process in a way that appeals to female founders and young entrepreneurs. Highlighting the program's dedication to diversity and providing tailored support to address their unique requirements can play a pivotal role in motivating their active engagement.
- Targeted Dissemination Channels:** To reach a wider audience, the dissemination channels for the call should be specifically tailored to engage female entrepreneurs and

youth-focused platforms, considering their unique needs and challenges. This tailored outreach effort can significantly increase their engagement and application rates.

3. Acceleration

As shown in Figure 2, the technical assistance (TA) delivery comprised three essential phases namely **diagnostics**, **co-design**, and **delivery**, and two interlinked workstreams: **Climate-smart Agriculture (CSA)** and **Investment Readiness (IR)**.



Technical Assistance Components

Under the CSA workstream, the TA encompassed several sub-components, including tailored advisory services on innovation theme-specific climate-smart agriculture practices. Additionally, gender and social inclusion (GESI) to promote equitable and inclusive practices. Finally, impact measurement and management

(IMM) to support the agribusinesses in effectively tracking and reporting their contributions to sustainable food systems.

To deliver the technical assistance, the program collaborated with a team of ten scientists and researchers from the [Alliance of Bioversity and CIAT \(ABC\)](#), [International Water Management Institute \(IWMI\)](#), the [Pan-Africa Bean Research Alliance \(PABRA\)](#), the [International Institute of Tropical Agriculture \(IITA\)](#), and [International Maize](#)

and Wheat Improvement Center (CIMMYT). Their expertise and research insights contributed significantly to designing evidence-based and contextually relevant technical assistance for the agribusinesses. The second workstream, IR focused on preparing the agribusinesses for attracting and securing investments. This involved support services to enhance the ventures' financial viability, scalability, and attractiveness to potential investors and other capital providers.

Technical Assistance Process

Diagnostics: The diagnostic phase of the program plays a crucial role in understanding the specific needs, challenges, and opportunities of the selected agribusinesses. This phase involved a comprehensive assessment of each participating agribusiness, using a questionnaire, to gather in-depth insights into various aspects of their operations, existing CSA practices and business models. By conducting a comprehensive diagnostic assessment, the accelerator program tailored its technical assistance to address the specific needs of each agribusiness.

Co-design: After the diagnostic phase was completed, the next step was design. The co-design phase of the program was a collaborative and participatory process that involved engaging the agribusinesses in shaping the technical assistance and support they will receive throughout the program. This phase was characterised by active dialogue, prioritisation of support areas and co-creation of action plans to ensure that the assistance aligns closely with the unique needs and aspirations of each agribusiness identified during the diagnostics. This participatory approach enhances ownership and commitment, ultimately leading to a more effective and impactful support program.

Delivery: The delivery phase of the accelerator program was the implementation stage, where the technical assistance and support designed during the co-design phase were put into action to help the agribusinesses achieve their goals and objectives. This phase involved the execution of the tailored TA action plans and continuous monitoring and evaluation. The delivery phase was a crucial stage in the program as it represented the culmination of efforts to support agribusinesses on their journey towards sustainability and positive impact. The continuous engagement and close collaboration between technical assistance providers and agribusinesses ensured that the support remained responsive to their evolving needs and market dynamics.

Case Study: Forest Africa Zambia Ltd

Background

Forest Africa Zambia Ltd, an agribusiness company based in Zambia, specializes in processing organic indigenous wild fruit juices, skincare oil, eco-friendly charcoal briquettes, and red tea. Their commitment to a zero-waste philosophy sets them apart in the industry. Seeking to enhance its operations and strengthen its sustainability practices and market competitiveness, Forest Africa Zambia applied to the CFSA program.

Challenges

The company uses wild fruits to create a range of products, including Mabuyu juice, Ngayi juice, Musekese Tobwa, charcoal briquettes, and oils extracted from baobab seeds. Raw materials are locally sourced from 1,000 rural gatherers, with a focus on quality control measures such as the selection of unspoiled fruits, regular sampling of fruit batches, and adherence to established Standard Operating Procedures (SOPs). Despite having equipment with a processing capacity of 2000 bottles (each 500ml), per hour the company currently produces approximately 15,000 litres (30,000 bottles of 500ml) of Mabuyu, Ngayi, and Musekese Tobwa monthly. Several factors contribute to the underproduction, including challenges related to transportation costs,

limited liquidity, and constraints stemming from the relatively *small factory space, among other challenges*. To address these issues and enhance production capacity and reduce product risk the business aims to increase raw material stock and diversify its product range as part of its expansion strategy among other proposed solutions.

CSA Innovations Developed

Dr. Emmanuel O. Alamu (PhD, FIFST, MNIFST) from IITA, an experienced food technologist supported Forest Africa Zambia Ltd with the following technical assistance:

- **New product development:** Created a baobab milk recipe, which led to the development of baobab yogurt product—a nutritious, vitamin-rich addition that will diversify the company's product range and reduce product and revenue risk due to seasonality.
- **Manuals:** Designed improved manuals and SOPs for all bulking centers to collect correct raw materials with appropriate moisture content. Operating manuals are also used at production and processing sites to describe operating procedures.
- **Improved shelf life of existing products:** Conducted onsite experiments to improve the shelf life of the baobab fruit juice by 48 hours. This is ongoing.

Forest Africa Zambia's participation in the CFSA program, coupled with Dr. Alamu's expertise, resulted in significant positive changes. The company has expanded its product range, is in the process of extending existing product shelf life and has been equipped with the tools to improve production efficiency.



Figure 3: Sample of baobab milk produced using the developed recipe by IITA in collaboration with Forest Africa Zambia Ltd (source: Dr. Emmanuel O. Alamu)

Results

All 10 agribusinesses participating in the program were equipped with a tailored **action plan** for each component of the technical assistance provision. These action plans were designed to address each venture's specific needs and objectives. Additionally, a dedicated technical assistance provider from the CGIAR was carefully matched to effectively support each agribusiness in implementing their action plan. This personalized approach ensured that the technical assistance provided was aligned with the unique requirements of each agribusiness, maximizing their potential for growth and impact.

The program conducted **6 group workshops** under the CSA workstream, and **7 workshops** dedicated to investment readiness. In addition, agribusinesses received **6 field visits** and **10 individual sessions** tailored to address their specific CSA needs, as well as **14 field visits** and **25 individual sessions** focused on investment readiness. Additionally, the program arranged **5 peer network** sessions, featuring valuable insights from **3 external speakers**, and provided a total of **37 coaching sessions** to support the growth and development of the participating agribusinesses.

Learnings

- Incorporating in-person design and diagnostic sessions is essential to foster an integrated approach. This approach ensures the development and delivery of technical assistance in a way that prevents silos between workstreams, specifically CSA and investment readiness, and strengthens the effectiveness of a complementary packaged approach.
- **Adaptability in action plans to reflect changes in business:** In some instances, the agribusinesses' business plans had to be adapted to various market factors, necessitating flexibility in the action plans to accommodate these changes. Where possible the program recognized

the importance of staying agile and responsive to the evolving market dynamics, ensuring that the action plans remained adaptable and could incorporate necessary adjustments. This process involved adding more sessions beyond the signed investment readiness action plans. This approach allowed the agribusinesses to navigate challenges and seize emerging opportunities effectively, ensuring their continued progress and success throughout the program.

- **Proactive enterprise journey:** this involved providing the agribusinesses with a pre-developed enterprise journey, encompassing all major activities and milestones right at the program's outset. This proactive approach aimed to create a clear roadmap for the agribusinesses and the technical advisors, outlining their journey through the acceleration process. By having a well-defined plan from the beginning, the agribusinesses gained better visibility into the program's structure and expectations, enabling them to align their strategies and goals accordingly.
- **Robust M&E and program management** Ensuring successful matchmaking with Technical Advisors and monitoring the progress of technical assistance delivery based on action plans. This process included conducting periodic check-ins with the agribusinesses to assess their progress in completing the assigned tasks during the technical assistance implementation and to evaluate their satisfaction with the one-on-one coaching sessions provided by the experts.
- **Peer network and mentoring sessions:** Including peer network and mentoring sessions among the agribusinesses was key in building a supportive and collaborative community, providing a platform for

knowledge exchange, sharing experiences, and creating a more practical learning opportunity where the agribusinesses could take insights from other agricultural business leaders within the ESA region.

- **Field visits:** Field visits played a crucial role in successfully delivering technical assistance within the accelerator program. These visits provided on-site assessments and demonstrations, tailored solutions, real-time problem solving and helped build trust and relationships between the technical assistance providers and agribusinesses.
- **Extending program duration for optimal innovation growth and development:** The 6-month time frame for CSA technical assistance, proved to be limited in allowing promising innovations that are still in development to reach their full maturity. This underscores the need for an extended program duration to provide better support for the comprehensive growth and development of these innovations.
- **Securing scientific expertise for agribusiness sustainability:** Securing consultants with technical expertise in CSA for agribusinesses is challenging and costly, as scientific expertise is in high demand. Initiatives like the CFSA aim to make this expertise accessible, benefiting agribusinesses by enhancing their capacity to strengthen CSA practices and contribute to more resilient food systems in the region.

4. Matchmaking with capital providers

One of the primary objectives of the CFSA is to facilitate transformative change, with a particular emphasis on advancing inclusive finance for participating agribusinesses. It's important to recognize that the process of matching supply and demand for capital comes with its own complexities. The accelerator program serves as a platform for reshaping the way financial services are

conceptualized, designed, and delivered. To achieve this goal, the IR team adopted the following approaches:

i. Becoming Investment Ready: At the outset, many agribusinesses lacked the knowledge of raising finance, attracting investors and other capital providers, and effectively communicating their investment proposals. They were unfamiliar with various financing types, their roles in fostering agribusiness growth, the significance of gender-lens finance¹³, and how to access it. The IR team initiated the process by identifying and validating the capital requirements of these agribusinesses. This involved gathering essential financial information and conducting both individual sessions and group workshops. The tailored support aimed to help agribusinesses understand what capital providers seek, how to address these aspects within their business models, and how to access the necessary funding.

ii. Finding and Attracting Investors:

This involved the following steps:

1. *Building a pipeline of capital providers:* creating a comprehensive map of potential capital providers, including grant, debt, and equity providers who shared the mission of investing in the agribusinesses participating in the program. This mapping exercise involved establishing a pipeline of potential capital providers while considering critical characteristics essential for successful matchmaking.

2. *Preparation:* Subsequently, the team compiled a comprehensive investment package containing all the necessary materials required for engaging with various funding partners to make a compelling case to potential capital providers. One example being an investment deal book.
3. *Engagement:* With the investment package ready, the IR team commenced active engagement with potential capital providers. This phase involved meetings and in-person events where the team presented the opportunities to capital providers who were identified through the pipeline. These interactions were aimed at fostering connections and generating interest in supporting the agribusinesses.
4. *Monitoring:* Throughout the engagement process, the IR team monitored and tracked the conversations and interactions with potential capital providers. To streamline this monitoring, a Customer Relationship Management (CRM) tool was developed to ensure that no opportunities were missed, and all engagements and next steps were well-documented.

Results

The program established a pipeline comprising **46 capital providers offering grants, debt, and or equity** to agribusinesses in the region. This pipeline was tailored to the needs of the agribusinesses within the cohort, geography, sector, size, and other key factors for successful matchmaking. The program **successfully engaged with 65%** of the capital providers from this list, aligning their capital offerings with the specific needs of the businesses.

¹³ According to the Global Impact Investing Network (GIIN) Gender Lens Investing (GLI) is a strategy or approach to investing that takes

into consideration gender-based factors across the investment process to advance gender equality and better inform investment decisions.

Furthermore, the program **facilitated 16 valuable connections between agribusinesses and capital providers** through both one-on-one introductions, based on the investment interests expressed by the capital providers and during in-person program events, such as the Kick-off meeting and Pitch Day.

To prepare for these interactions, the IR team **conducted 10 individual and 2 group pitch drill sessions**. These sessions involved assisting the agribusinesses in developing or refining their pitch decks, which included strengthening their financial projections and business strategies. This exercise allowed the businesses to determine their capital requirements accurately and evaluate suitable funding mechanisms based on their financial situation and funding needs.

In addition to matchmaking with capital providers, the program **facilitated connections between 6 agribusinesses and 13 strategic partners**. These partners included commercial partnerships with large off-takers, carbon credit managers, trade finance institutions, and other network organizations.

Learnings

- i. Choosing the right funding mechanisms:** It is not merely the funding amounts that matter but also the choice of the most suitable funding mechanism. Understanding the specific financial needs based on the business model, use of funds, stage of business and organisational objectives of each business is crucial to determine the most suitable funding mechanism and instruments.
- ii. Enhancing agribusiness knowledge on the investment process:** There is a pressing need to raise knowledge levels about the investment process, requirements, and the various funding mechanisms available, including informing agribusinesses about which funding type aligns best with their business model. To support agribusinesses effectively, providing technical support in areas such as team management, boards, intellectual property, market analysis, market positioning, business models, competition, differentiation, barriers to entry, product roadmap, and financial planning is essential and should be offered on a case-by-case basis.
- iii. Patience and Time Frame for Fundraising:** Fundraising is a process that requires patience and persistence. It is essential to acknowledge that securing funding can take a while, ranging from 4 to 18 months¹⁴, depending on the capital provider's investment process, the level of preparedness of the business and the existing global macro-economic landscape. Agribusinesses should be prepared for a potentially lengthy process and understanding the timelines associated with the different types of capital providers is essential. There is an opportunity for accelerator programs to support them in this process. In addition, they should consider business strategies to extend their financial runway and raise funding amounts beyond immediate needs.
- iv. Relationship Building:** Establishing and nurturing on-going relationships with capital providers is critical to successful matchmaking for accelerator programs. During the program, this was done through a network approach, and through attending entrepreneur events.
- v. Alignment of goals and reducing information asymmetry:** Successful matchmaking hinges on a deep understanding of the agribusinesses' needs (both in terms of capital and strategic objectives) and the investment objectives and mission of capital providers. Ensuring alignment between these two is essential for fruitful

¹⁴ Information based on discussions with investors engaged.

partnerships. This also bridges information asymmetry between agribusinesses and capital providers. Providing transparent and comprehensive information on both sides facilitates better decision-making during the matchmaking process.

- vi. De-risking essential for capital providers:** Certain capital providers such as impact investors, sustainable and responsible investors and financial institutions often seek to minimize risks. One way of achieving this, is by conducting due diligence. However, these activities come at a cost. The tailored nature of the technical assistance, including field visits conducted during the program are valuable to investors in reducing their transaction costs, supporting them with due diligence, identifying and managing risk and understanding of the market¹⁵.
- vii. Demonstrating impact:** Investors are increasingly interested in the social and environmental impact their investments can make. Agribusinesses must be prepared to show their track record in creating impact and showcase their further potential for measurable impact

according to scaling plans and alignment with sustainability goals. Including training on impact measurement and management is a key value add for program curriculums.

- viii. Post-program support:** Beyond the program's duration, agribusinesses may require ongoing support in legal agreements and negotiations as they move forward with capital providers and navigate the complexities of the investment process. In addition to professional support, agribusinesses may benefit from a community of peers within their network to exchange ideas, cross-learning, and gain support to advocate for policy changes when necessary.
- ix. Expanding the scope of catalysing finance in Agriculture:** Catalysing finance should not be viewed narrowly. Within the CFSA, 40% of agribusinesses accelerated are offering some type of financing solution to farmers in the region, such as lending and insurance products. These agribusinesses are serving as intermediaries for channelling significant amounts of capital to the farmer level.

¹⁵ Feedback from investors engaged.

To site this information note: Mercy Zulu-Hume et al. 2023. Information note: Strengthening Food Systems Transformation in East and Southern Africa: Leveraging Science Driven Business Acceleration to Catalyse Private Sector Finance. The CGIAR Research Initiative on Ukama Ustawi: Diversification for Resilient Agrifood Systems in East and Southern Africa.

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