

# Growing Agribusinesses through Business Incubation

A global partnership program hosted by the World Bank

Enabling innovative enterprise growth in ICT, Climate Tech and Agribusiness

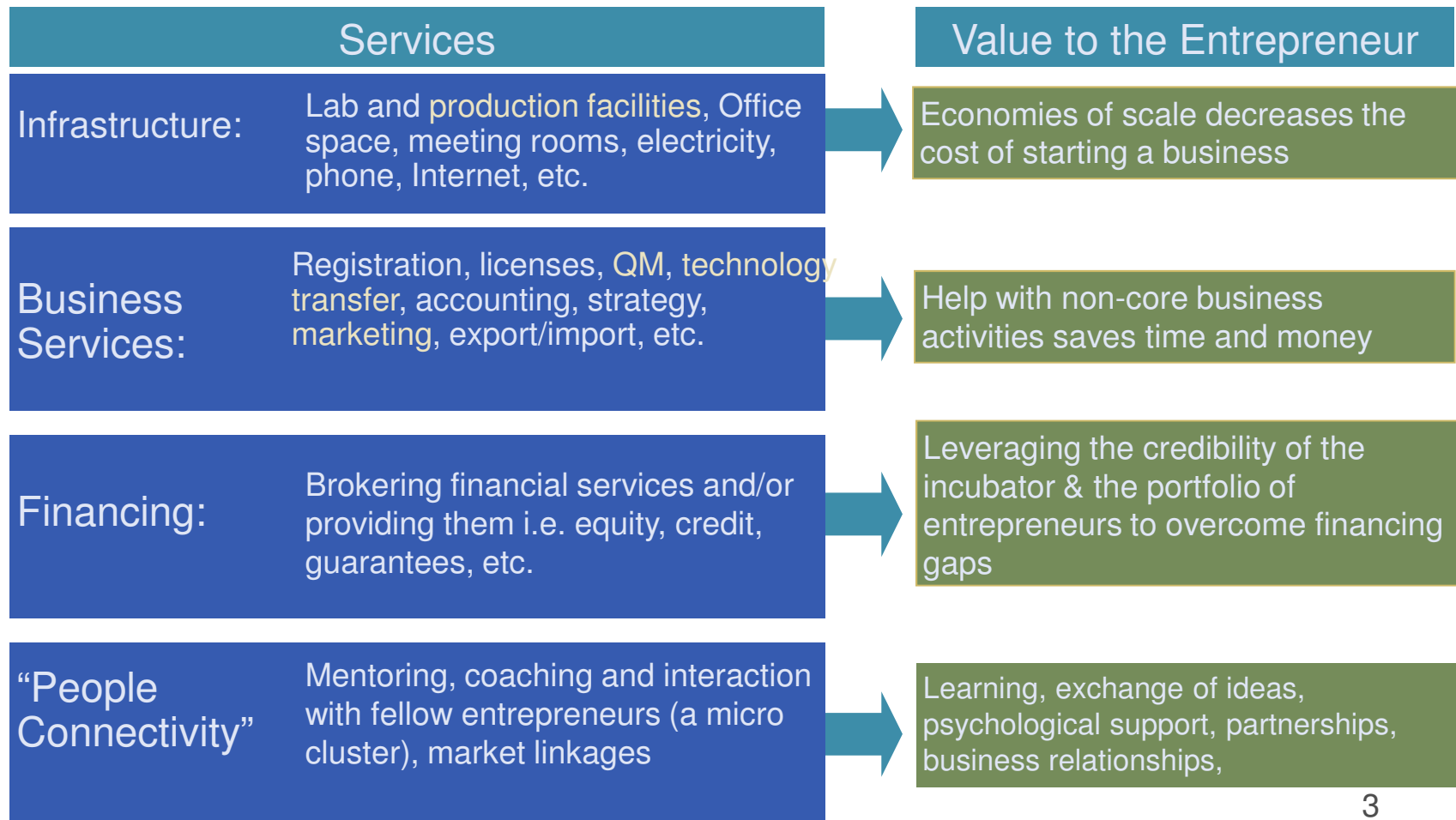
**In Agribusiness:  
62 incubators in 20  
countries benefiting 4,300  
enterprises**



Building local capacity to deliver business incubation services to growth-oriented innovative entrepreneurs

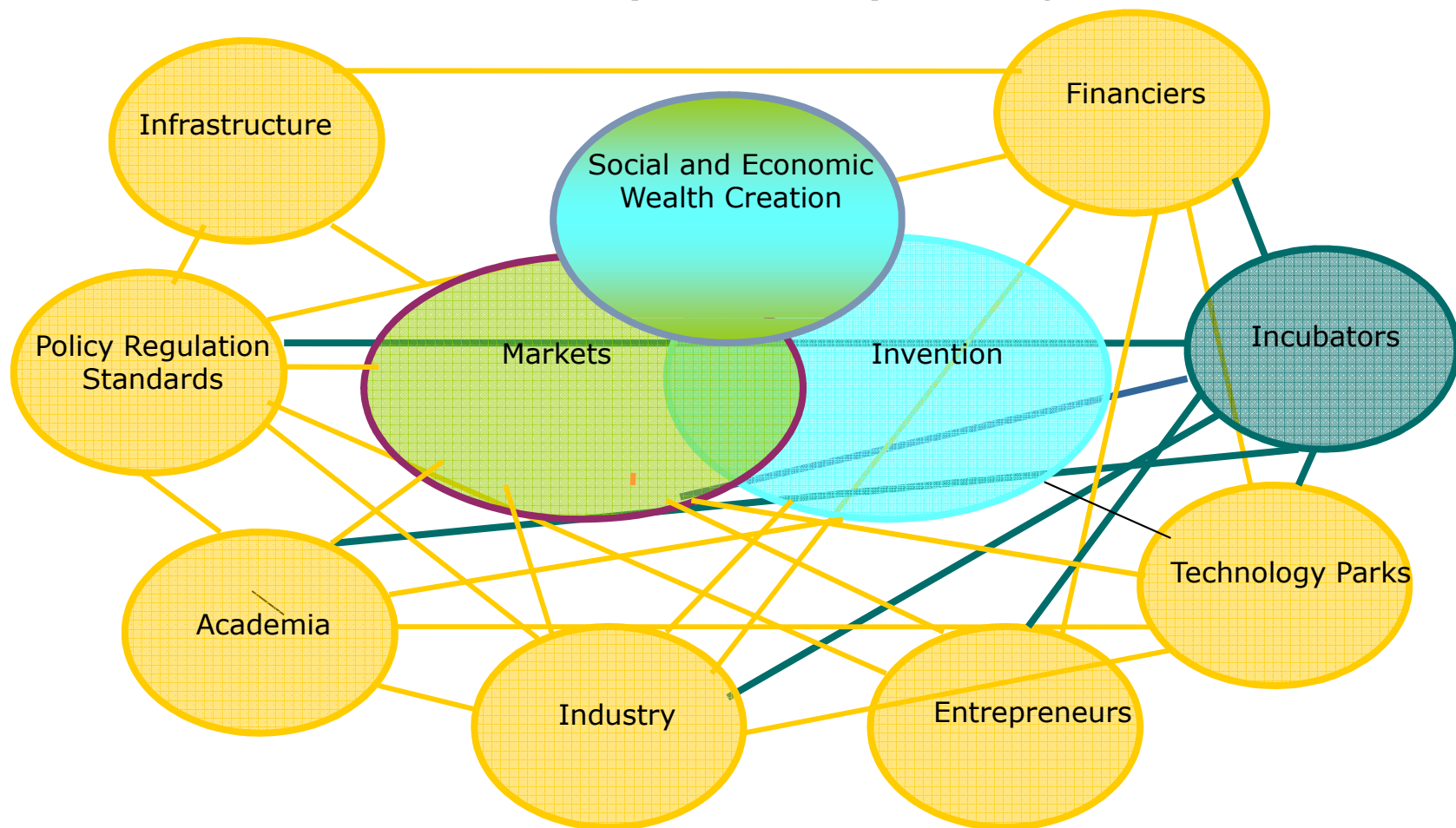
# Business Incubation

**A selective, comprehensive service offering that aims to accelerate the growth of early-stage SMEs**



# Our Framework

## Innovation & Entrepreneurship Eco-System





# Agribusiness Innovation and Entrepreneurship Vision

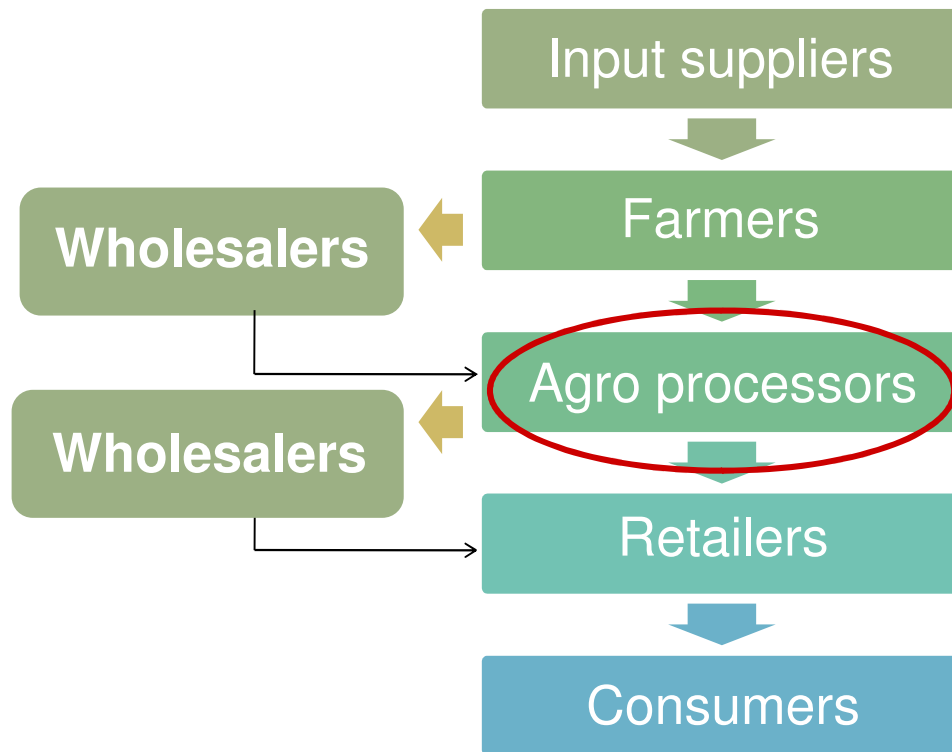
## Challenge:



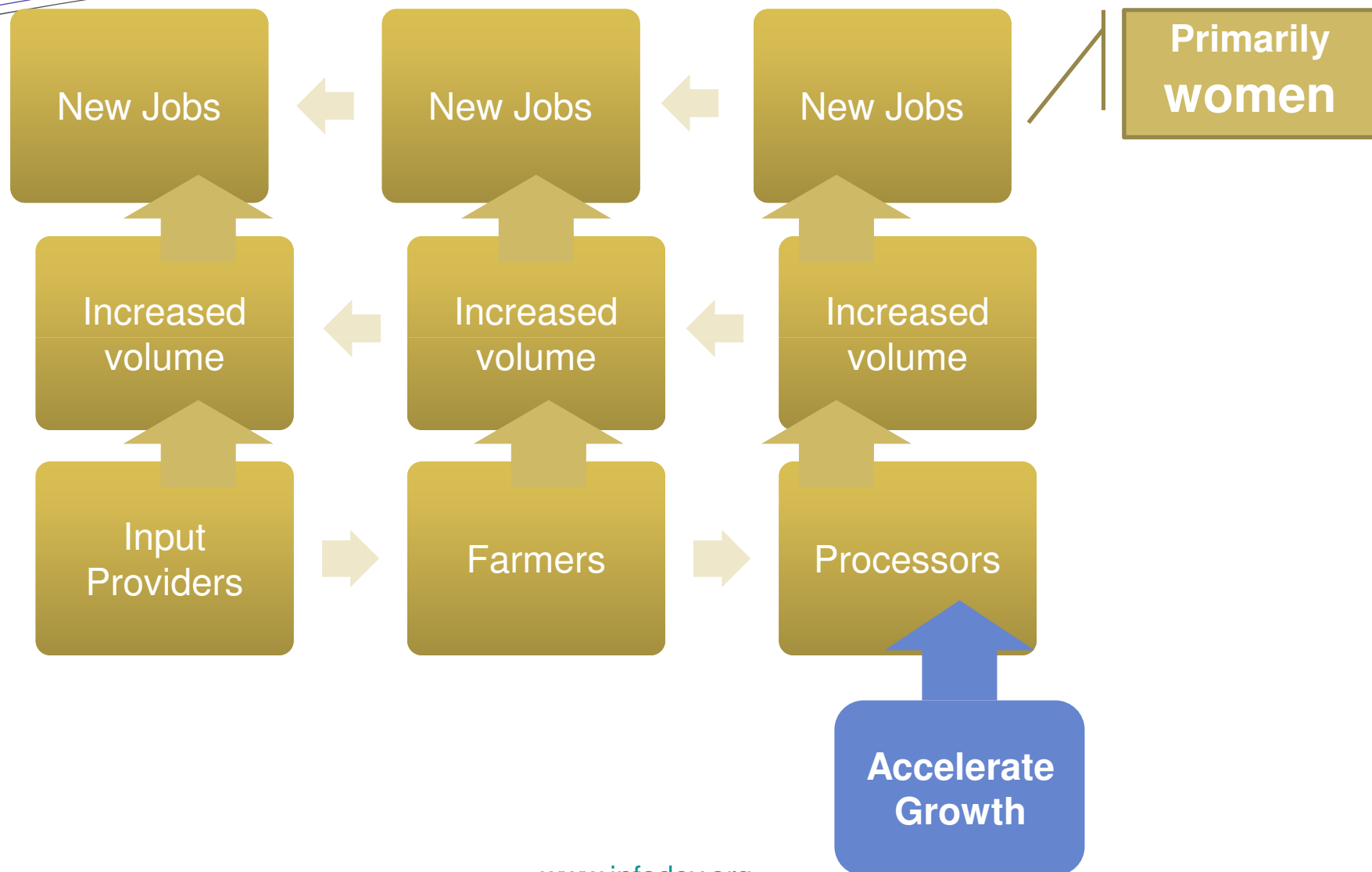
## Vision:

Leverage infoDev's experience in promoting innovation and entrepreneurship through business incubation to increase the productive capacity of agribusiness SMEs in Africa

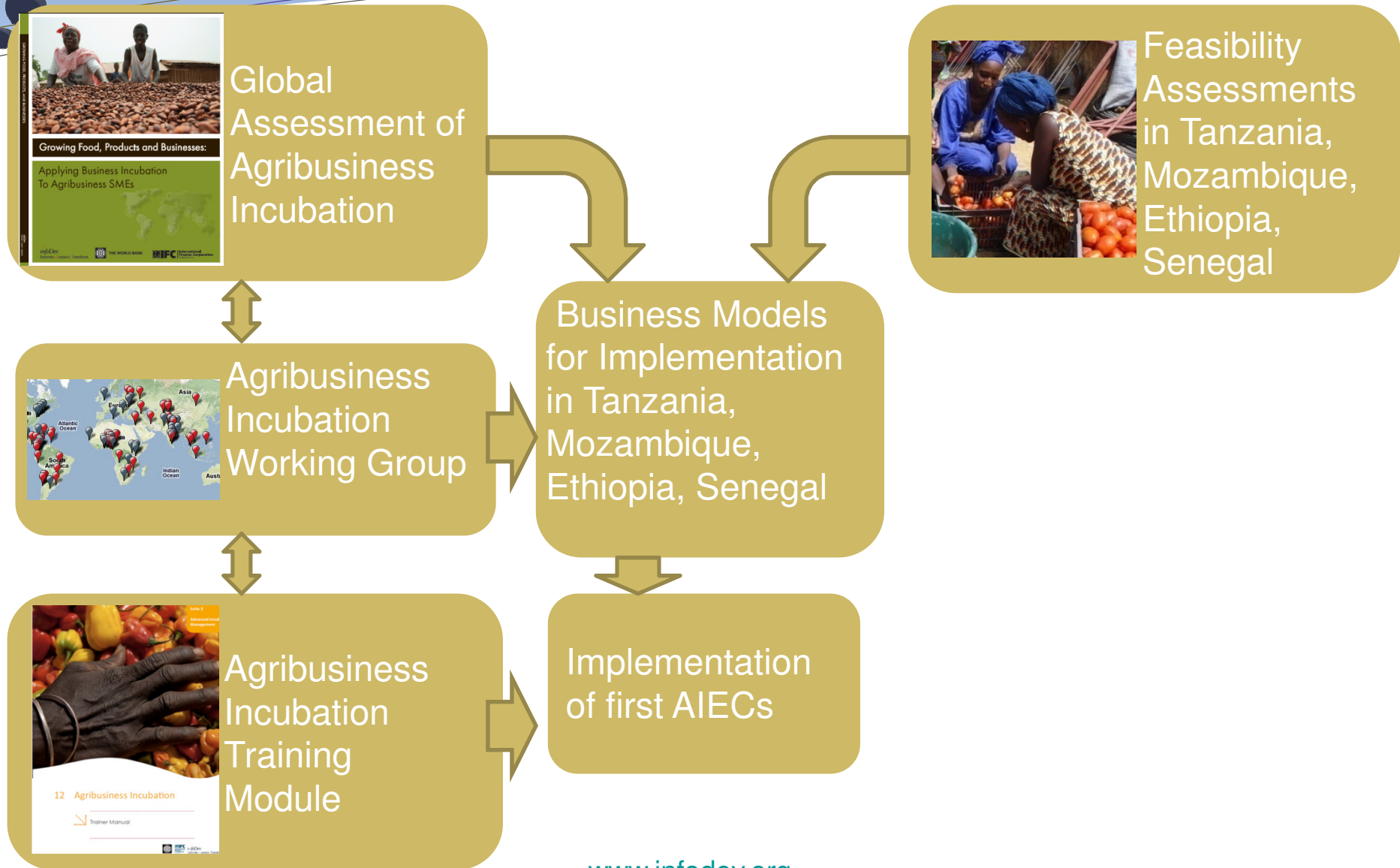
# Entry point



# Potential Impact



# Approach





# Agribusiness Incubation Global Good Practice Assessment

Brazil, Chile, India, Indonesia, Malaysia, Mexico, Mozambique, South Africa and Uganda

9 incubators → 100+ businesses w/ total revenue of 512 million+ new sectors, economic empowerment

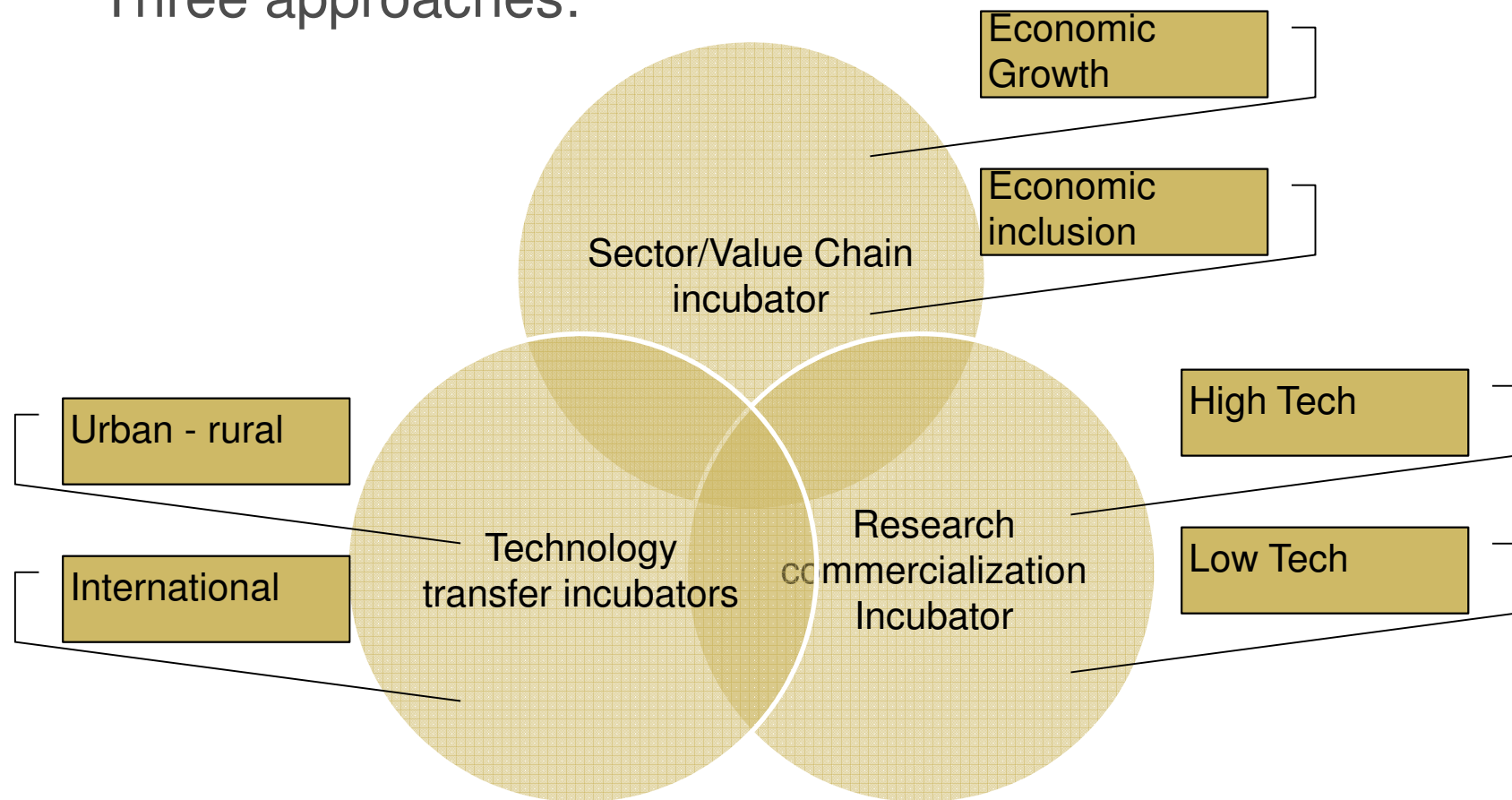
“ROI” – 1:1.2 to 1:18 (rough estimate)



# Wide variation of approaches and scale

Started with USD 50,000 – 50 million

Three approaches:



# Fundación Chile – Salmon

## Sector Creation

From 347 tons in 1983 to  
383,000 tons in 2005

- ✓ US\$ 2.2 billion in exports for 2006
- ✓ 23,6% of Chile's total food exports
- ✓ +35.000 direct and indirect jobs created

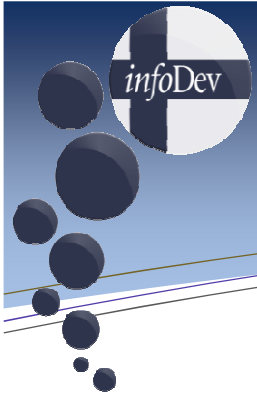




# Timbali South Africa – Cut Flowers

- **Graduates** since 2004 = 140
- Creating **franchises** and full integration with cut flower value chain
- Poor women becoming assertive and economically independent small entrepreneurs





<http://vimeo.com/31381483>

TimbaliShort2011

<http://vimeo.com/31382024>

[IndoShort2011](#)

<http://vimeo.com/31381746>

LAShort2011

# Lessons Learned

## Market Driven Public Private Partnership

**Value Chain**  
Framework -  
Targeted

Commitment to  
demonstration –  
**catalytic** effect

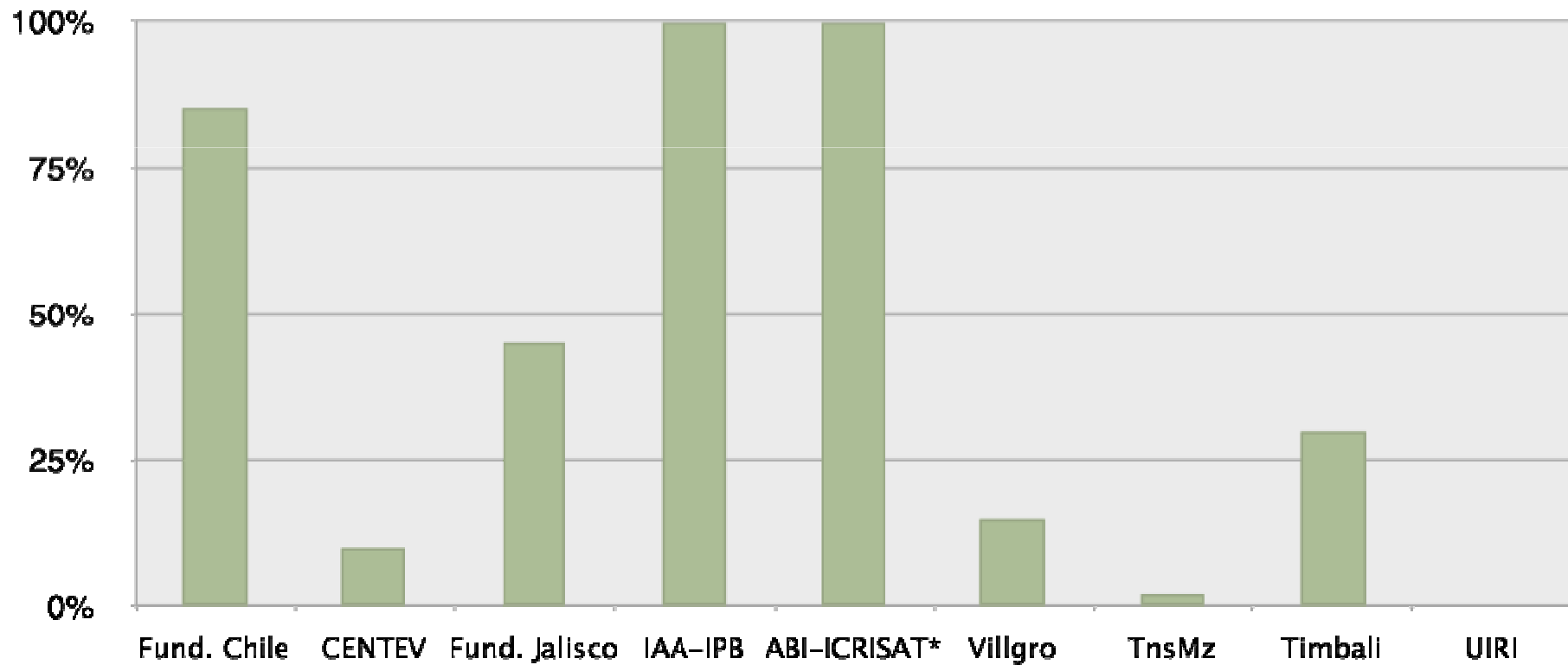
Pro-active  
**market**  
**opportunity**  
identification

Dense  
**Network** –  
inputs, finance,  
labs,  
compliance

Incubation  
**basics** –  
selection,  
business  
minded,  
location

# Financial Sustainability

% operating budget covered by fees, profit-sharing, capital gains



# Emerging role for AIECs in Africa

## Role

- Accelerate the growth of value adding agribusiness enterprises;
- Commitment to demonstration effect that can catalyze wider business take-up of innovations;
- Focus on select value chains for maximum impact.

## Service Offering

- Identifies market opportunities for products derived from high quality raw materials; and promotes these opportunities to local agribusiness SMEs;
- Promotes successful enterprises and holds innovation challenges to stimulate broad take-up of product and process innovation;
- Assists high growth potential agribusiness SMEs with:
  - adopting technologies and resolving technological challenges;
  - test marketing innovative products;
  - effectively packaging, marketing and distributing final products;
  - linking into relevant supply chains;
  - meeting modern food safety and quality standards;
  - obtaining regular access to adequate quality and quantity of raw materials;
  - enhancing managerial and technical skills, and raising finance to position the enterprise for growth.

**Highly  
networked,  
partnership-  
based model**



# Senegal

## Market Opportunity

Domestic, regional and international demand for products derived from fruits including Bissap, Baobab, Mango

## Market Challenge

The few large firms import fruit products that could be sourced domestically due to issues with quality, quantity and regularity.

Small processors do not grow due to constraints including:

- limited access to technology
- difficulty accessing finance
- lack of procurement leverage
- inability to standardize and test quality
- lack of knowledge of higher value opportunities

## Potential Impact of AIEC

Over 5 years:

- Direct Result:
- **285** highly competitive companies
- **2200** new jobs created
- Increased income for **1,300** farmers
- + catalytic effect

## Sustainability

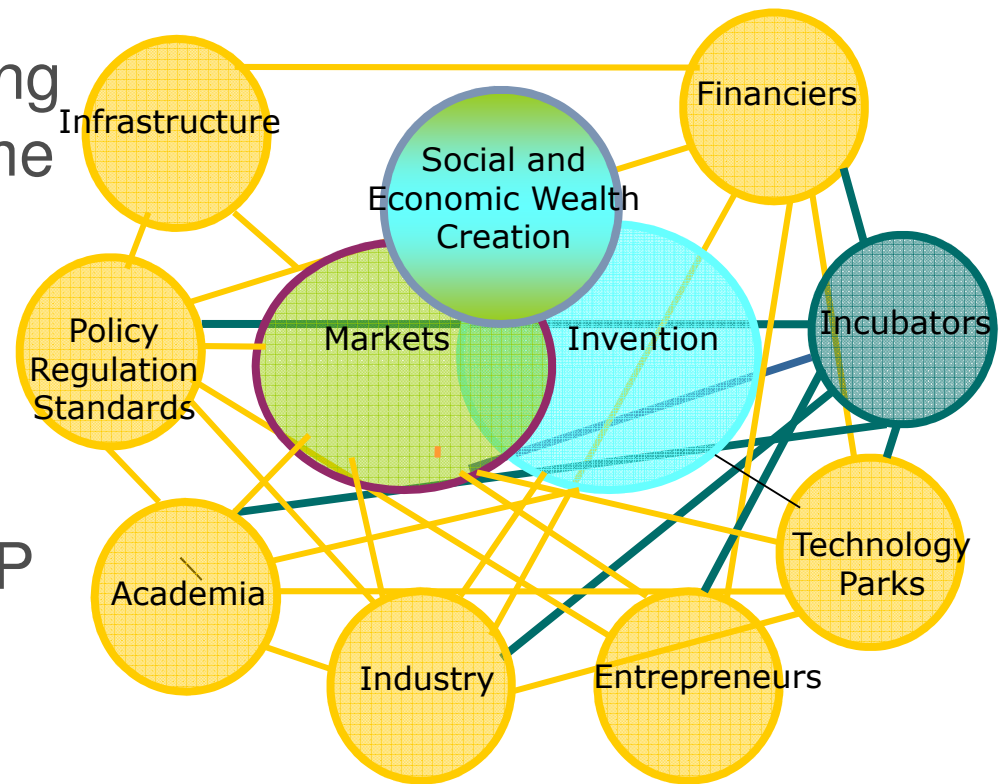
USD 4-6m over 5 years

80 % financed by earned revenues by Year 5.

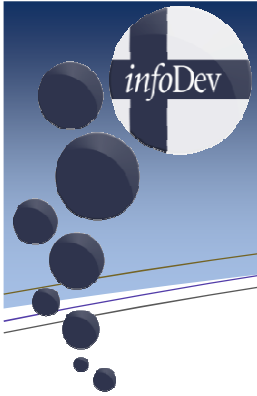
Royalty % + fees

# Role of Government

- Seed funding and decreasing operational funding over time against realistic outcome criteria
- BUT run by manager with business background + PPP board



Actively using the incubator to get inputs on regulatory/policy issues constraining growth



THANK YOU

QUESTIONS?



## Annex



Incubator	Graduates	Average Sales (\$ million)	Starting Year	Initial Investment (US\$ million)	Investment in Current Prices (US\$ million)	Sales of Graduates (US\$ million)
Fundación Chile	85	5	1976	50	182.90	425
CENTEV	24	2.5	1995	0.7	0.99	60
Fundación Jalisco	4	1.25	2006	4	4.33	5
IAA-IPB	38	0.21	1995	0.3	0.43	7.98
ABI	7	1.5	2003	0.5	0.59	10.5
Timbali	140	0.03	2003	2.8	3.32	4.2