

NOTE 30: Rural Advisory Services for Agripreneurship Development

Compiled by: Shaun Ferris, Mahesh Chander, and Natalie Ernst, August 2017

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Introduction

The smallholder farming landscape is rapidly changing owing to current trends that create both challenges and opportunities for rural communities in their efforts to commercialise.

In this fast-changing environment, farmers and their rural advisory service (RAS) providers must learn new skills and find new ways of working together to develop inclusive business models that help link diverse farmers and entrepreneurs to growth markets. One solution to help with rural commercialisation is to support the growing numbers of agripreneurs, who could play a catalytic role in generating new income streams and jobs. Politicians and practitioners as well as scientists have recognised that farmers, processors, and local service providers increasingly require agripreneurship support, in addition to sound management and technical skills, to be sustainable in the future.¹

Philosophy and principles

As the focus of RAS (public, private, NGO, and producer organisation) has moved away from technology transfer and towards a more systems-focused approach, several market-oriented strategies have emerged. Along with collective marketing and value chain methods, greater emphasis has been placed on fostering agripreneurship.

The agripreneurship model is of particular interest to younger and more progressive farmers who want to accelerate their business results through specialised commercial support that works to upgrade their business opportunities. This type of support is often not available from traditional extension service providers.

The changing role of rural advisory services

Working with agripreneurs requires a fundamental shift in the relationship between those providing and those

BOX 1: WHAT IS AGRIPRENEURSHIP?

Agripreneurship describes the adaptive and dynamic process of business development within the agricultural sector that brings innovation and value addition, accelerates value creation, and provides for sustainable systems that support equitable social impact. Agripreneurship can help rural people be more effective players in value chains, not only raising their livelihood options, but also providing new job opportunities for members of rural communities.

Agripreneurs can come from any part of the agricultural value chain – they include farmers, traders, processors, and retailers; also business services such as agro-dealers, production services, equipment services, market information services, and financial service providers that support the value chain.

receiving RAS. To be successful, that will mean shifting from a provider–client model to a partnership approach.

Given that agripreneurs have particular needs that depend on the maturity and scale of their business, RAS need to work in partnership with agripreneurs to facilitate links to relevant actors and specialised training agencies in accordance with evolving business needs. RAS effectively play an incubation role for new enterprise ideas, finding the right local expertise to help accelerate business growth, and developing networks that can provide longer-term mentoring to agripreneurs to help sustain their emerging business ventures. This transition from trainer to facilitator means that RAS need to reskill and reconfigure their roles in order to help agripreneurs.

Implementation

There are several ways in which RAS can begin to engage and advise agripreneurs.

¹ McElwee, G. 2008. A taxonomy of entrepreneurial farmers. *International Journal of Entrepreneurship and Small Business* 6: 465–478; Pyysiäinen, J., Anderson, A., McElwee, G. and Vesala, K. 2005. Developing the entrepreneurial skills of farmers: Some myths explored. *International Journal of Entrepreneurial Behaviour Research* 12 (1): 21–39.



- **Awareness building:** A first step for RAS agencies is to hold learning events with their staff and potential clients about their role in going beyond traditional training to strengthening agriprenurship.
- **Learning alliances:** These are innovation platforms for both service providers and agripreneurs in target value chains to support innovation, adaptive research, and learning. For example, in Central America and Africa the Centre for Tropical Agriculture has led several agro-enterprise learning alliances with NGOs, research organisations, governments, and private companies.
- **New project designs:** Development projects may be designed to support different types of clients, including farmers and agripreneurs. For instance, in Nicaragua, Catholic Relief Services designed a project where half the funds were used in grant form so that RAS could provide technical assistance in training, innovation, and business planning; the other half were assigned to a community investment fund used to help launch agripreneurs to finance their new businesses.
- **Impact investment networks:** Investors hold regular meetings to identify how to support specific sectors, offering opportunities for agripreneurs to discuss ideas with impact investors, and to make pitches that typically combine a combination of grants and investment options. Examples of networks where agripreneurs can meet with investors and leaders of social enterprises to propel entrepreneurship in emerging markets include Social Capital Markets (SOCAP) and Aspen Network for Development Entrepreneurs (ANDE).

Rural advisory services can also provide direct support for agriprenurship, as in the following examples.

- **Agriprenur workshops:** RAS can develop training sessions that work with combinations of agro-enterprise agencies including investors, production experts, and marketing experts.
- **Agriprenur competitions:** RAS organisations can sponsor enterprise competitions, where the best business plans are funded to a specific level, or winners enter into training programmes that help agripreneurs to plan and launch their businesses.
- **Agriprenur incubators:** Capacity-building programmes enable RAS providers to work directly with agripreneurs to help identify new markets, strengthen market access, upgrade value chains, and provide support in management skills. Through these incubators, RAS can help to facilitate and broker business relationships between emerging agripreneurs, and learn from leaders in target business areas (see Box 2 for an example).
- **Agriprenur accelerators:** Short-term booster services work with agripreneurs to fine-tune business models. For example, Santa Clara University in California runs booster courses to help agripreneurs launch new ventures.
- **Agriprenur mentoring/coaching:** Once agripreneurs have launched businesses, these services provide occasional support as required to maintain business focus, competitiveness, and innovation.

BOX 2: a-IDEA IN INDIA

Among several initiatives to foster agriprenurship that are being tested by the Indian Government, the Indian Council of Agricultural Research's National Academy of Agricultural Research Management (ICAR-NAARM) has established the Association for Innovation Development of Entrepreneurship in Agriculture – a-IDEA.² This incubation centre helps to identify and develop businesses, provide access to knowledge, and facilitate networking with other support services fostering innovation and entrepreneurship in agriculture.

ICAR-NAARM hosts three initiatives:

- a technology business incubator (a-IDEA)
- an agri-business incubator (NAARM-ABI)
- a grassroots innovations hub (NAARM-GRI).

One successful startup business sells branded A2 protein milk.³ The agriprenur, a retired airforce officer, is one of a new breed of farmers who combine knowledge, innovation, and business acumen to generate highly profitable agro-enterprise ventures. This agriprenur is now seeking to expand his business into certified organic milk and milk products to reach new consumers in the premium organic market. His business ideas are far ahead of conventional milk producers in the region, and his success is partly thanks to the agribusiness incubation support available from NAARM-ABI.

Capacities required

Agripreneurs are not typical clients, nor do they seek traditional training schemes. For RAS to be relevant to this new generation of clients, they need to work with a range of agripreneurs to test combinations of innovation, community development, new finance methods, and business models.

One complication for RAS is operating effectively with a diverse range of rural actors – including producers, processors, traders, and agrodealers; women and men; young and old – all with varying needs and gendered roles. First, RAS need to learn how to match clients with the right type of services; then to facilitate specialised training to support their needs. To provide a more inclusive approach to agriprenurship, RAS need skills in defining client types and identifying their needs. Being able to categorise clients using effective diagnostic skills is a critical first step in defining the most useful strategies to support them. Decisions are then needed on what support the RAS itself can offer, and what types of service require more specialised providers. To help identify key client types and services, a classification into four general categories of agripreneurs can be helpful (Table 1).

In supporting agripreneurs, RAS can link them with expert services and specialists such as:

- marketing experts
- production experts
- technology experts

² <http://aidea.naarm.org.in>

³ A2 protein milk is pure cows' milk that naturally contains only the easy-to-digest A2 protein, and is free from A1 protein which some people struggle to digest.

Table 1. Types of agripreneurs

Type of actor	Characteristics	Service needs
Commercial smallholder farmers	<ul style="list-style-type: none"> Seeking to optimise their production and marketing opportunities Interested in developing businesses that supply higher-value markets Likely to operate as individuals rather than traditional farmer cooperative models Includes youth and women farmers 	<ul style="list-style-type: none"> Ability to use technologies to improve productivity and value Plans to maximise profits Ways to rapidly innovate their business and achieve scale Links with new partners to accelerate their commercial ambitions Identify and exploit new business areas and financial services
Commercial farm cooperatives	<ul style="list-style-type: none"> Focus on helping members to differentiate themselves Want to capture value from more lucrative formal markets Prepared to pay for advisory services if they are effective 	<ul style="list-style-type: none"> Upgrade their management skills Identify more specialised services to access higher-value markets Refresh and scale their business models Access new lines of credit
Processors	<ul style="list-style-type: none"> Often working higher up the value chain at the aggregation and product transformation level May combine farm production with value addition Often work with other farmers to meet their supply needs Capture value beyond the basic production level 	<ul style="list-style-type: none"> Diversify their product range to supply higher-value/volume markets Ability to trace the flow and quality of goods from farmers to factory Ability to innovate with farmers, technology suppliers, and research Use technologies to meet food standards
Business development services (traders, agro-dealers, tractor operators, financial service providers)	<ul style="list-style-type: none"> Agripreneurs who offer services to the agricultural community Often work with farmer groups/cooperatives with specialised services Help with efficiency gains and competitiveness within the value chain 	<ul style="list-style-type: none"> Pilot new ideas with value chain clients and financial services Support in innovation Facilitate links with business mentors Mentor the business as it matures to support viability and growth

- postharvest management experts
- financial service experts
- value chain experts
- business mentors.

To support agripreneurs, RAS need to be flexible in terms of their roles. In many cases, their main role will be to find expertise and enable others to access the right types of knowledge, rather than attempting to provide services themselves. Key skills that extensionists need in addition to basic extension skills include:

- adult learning, gender support, and facilitation methods
- sound understanding of the agricultural innovation system and value chain in which the agripreneur works
- marketing basics and working with value chains
- diagnostic skills and stakeholder management to link agripreneurs with the relevant service providers
- innovation and systems thinking
- business planning and business launching
- financial management and advice on raising capital to meet needs
- running a business and brokering relationships.

Rural advisory services also need to think differently in their service provision – considering combinations of free and fee-based methods to meet the needs and demands of agripreneurs.

Costs

As part of a market-based facilitation process, RAS can work with agripreneurs at almost no additional cost, as this is more about a shift in mindset and including agripreneurs in the network of partners. However, as RAS

become more involved with agripreneurs, incubation, and accelerators, costs may include the following:

- Capacity building – to equip existing RAS personnel with the new skills and competencies needed for enterprise development and business facilitation.
- Human resources – hiring new staff to support agripreneurs through networking, coaching, and mentoring.
- Supporting events – including agripreneur workshops, agripreneur competitions, and incubator programmes.

Strengths and weaknesses

Strengths

- Location – RAS work in areas where agripreneurs are located.
- Reach – pluralistic RAS (which may include government, civil society, and private service providers) have the ability to work with large numbers of agripreneurs and different segments, to provide inclusive support.
- Trust – RAS have long-term relationships with the agricultural community.
- Cost effectiveness – RAS can provide support at a cost that is accessible to target clients.

Weaknesses

- Business skills – the lack of business skills within traditional RAS means that training will be needed.
- Coordination – in the pluralistic context, coordination among the various RAS actors can be weak.
- Inclusiveness – agro-enterprise methods and tools may at times inherently lack inclusiveness for more vulnerable groups that cannot make the investments needed.



Best-fit considerations

Rural advisory services can best fulfil their role of working with agripreneurs in environments where some coordination and exchange already takes place between actors in the agricultural innovation system. This is particularly the case within the pluralistic RAS landscape. A conducive and supportive business environment, including necessary policies and investments, also helps RAS to strengthen agripreneurship. Of course, RAS should work with agripreneurs based on demand – not only due to the partnership approach, but also because the agripreneurs' own motivation, ownership, and commitment is crucial for success. Working in communities where successful agripreneurs already serve as role models can certainly be an advantage, but is not a hindering factor.

Governance

No single advisory service, public or private, has all the skills needed by agripreneurs. This new type of client is not passive, and they will require the best advice available from a range of different sources. Success in supporting agripreneurs will therefore come from RAS teams that are able to identify needs, coordinate links between different sources of expertise, and support networking between service providers. This process will require RAS to be agile and flexible in terms of how they help agripreneurs access the right types of services and mentoring, at the right time. The evidence to date shows that this new role will improve RAS policies and support overall RAS pluralism. Innovation platforms can also play an important role in facilitating better coordination among actors, leading to more demand-driven service delivery to farmers and other value chain actors.

Evidence of impacts, sustainability, and scalability

Recent studies show that agricultural entrepreneurship can have a profound impact on business growth and survival,⁴ as success in this area enables the upgrading and acceleration of competitive agricultural businesses and services. There has also been a dramatic shift in private capital for financing projects in emerging economies, where markets are expected to account for 97% of global population growth by 2030. Many of these new business opportunities will be in the agricultural sector.

Further reading

Adesina, A. 2016. Agriculture as a business: Approaching agriculture as an investment opportunity. AgrindusNetwork 14 June. <https://agrindusnetwork.wordpress.com/2016/06/14/agriculture-as-a-business-approaching-agriculture-as-an-investment-opportunity>

⁴ Lans, T., Verstegen, J. and Mulder, M. 2011. Analyzing, pursuing and networking: A validated three-factor framework for entrepreneurial competence from a small business perspective. *International Small Business Journal* 29 (6): 695–713.

Supported by



Chander, M. 2016. Agripreneurs: Who they are and why they are important? Agricultural Extension in South Asia Blog 60. <https://drive.google.com/file/d/0B0TX5SvS4IMRYzNpcjE3TVITU3M/view>

Kahan, D. 2012. *Entrepreneurship in farming*. Rome: Food and Agriculture Organization of the United Nations.

Training materials

Ferris, S. 2017. Agricultural entrepreneurship. Module 11 of the GFRAS New Extensionist Learning Kit. Lindau, Switzerland: GFRAS. www.g-fras.org/en/knowledge/new-extensionist-learning-kit-nelk.html#module-11-agricultural-entrepreneurship

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Author information:

Dr Shaun Ferris is Director of the Agriculture and Livelihoods Signature Program Area for Catholic Relief Services, based in Baltimore, USA. **Dr Mahesh Chander** is Principal Scientist and Head of the Division of Extension Education at the Indian Veterinary Research Institute, under the Ministry of Agriculture, Government of India.

Natalie Ernst works at the Secretariat of the Global Forum for Rural Advisory Services.

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