

Minutes of the 39th DCED Annual Meeting Hosted by the FAO in Rome, 14-15 June 2017

26 June 2017

These Minutes are presented in chronological order, with the Thematic Discussion on 14 June, and the Business Day on 15 June (the [Working Group](#) meetings on 13 June are Minuted separately). The Thematic Discussion focused on “Promoting the role of small food enterprises in the transformation of rural communities”; available presentations and related materials are posted at www.enterprise-development.org/annual-meetings/39-annual-meeting. The Business Day (Members’ General Assembly) is important to the functioning of the DCED as it is the governing body, according to the DCED’s Charter. The Annual Meeting included more than 80 participants from 29 agencies. A list of registered participants is attached as Annex 1.

Thematic Day: Promoting the role of small food enterprises in the transformation of rural communities, Wednesday 14th June 2017

The thematic day included inputs by FAO staff, and small and medium sized enterprises from Uganda and Ethiopia, as well as experts and academics, on how to enhance the role of businesses in the transformation of rural communities.

Kostas Stamoulis, Assistant Director-General of the Economic and Social Development Department of the FAO, began the day by highlighting some of the big trends and challenges that will need to be addressed to improve prospects for rural transformation, such as climate change and urbanisation. Climate change will make food production less predictable. He noted that more than two thirds of people now live in cities, and inclusive rural transformation will depend on making agriculture a more attractive career and lifestyle choice for young people. **Francesco Pierri**, Chief Advocacy Unit, introduced the FAO’s strategy for engaging with the private sector.

Mr. Martin Webber spoke about how to attract investment into small food enterprises, focusing on enterprises that add value in the value chain between the producer and the lead firm. Based on examples from Burkina Faso (mango processing), and Kenya (the avocado supply chain), he argued that there is potential for a virtuous cycle: when more is invested in enterprises in the “middle”, the agricultural sector as a whole will grow. A competitive middle in turn depends on public and private support, including infrastructure and business environment reform, and support to entrepreneurship.

The most important priorities for stimulating small agro-enterprises were the subject of the discussions that followed:

- **Ruud Nijs**, Partner of The Rock Group, stressed the importance of access to finance. He noted that the most important reason why financial institutions did not lend to SMEs was the lack of credible business information. His primary advice to any agribusiness entrepreneur was to control, measure and verify business information. Making business

support such as accounting services available to businesses would be crucial to achieve this. In addition, there is a lack of lenders that are able and willing to make loans of €100,000 to €500,000. He suggested the creation of a new DFI to fill this gap to help manage risks associated with loans of this size.

- **Daniel Gad**, owner of Omega Farms in Ethiopia, shared his experience of returning to Ethiopia as a diaspora member to set up a floricultural business targeting local and export markets. He saw a key challenge in engaging with young people, who lack both capital and education to get involved in agriculture. Education for entrepreneurs should also focus more on how to deal with personnel: his own challenge was to not just manage capital assets, but to learn how to invest in staff capacity and training. Donors could also help to make agriculture more interesting for young people by focusing on new technologies; for example, facilitating access to notebooks and other tools could make it much easier and appealing for young people to set up agribusinesses.
- **Peace Byandusya**, Director of the Mushroom Training and Resource Centre, Uganda, spoke about growing from a micro to a medium sized company which has trained more than 10,000 farmers, notably women and youth, in mushroom cultivation. She stressed the importance of education and support networks for business growth.
- **Noma Mhlanga**, Agribusiness Office, FAO Ethiopia, argued that donors should reduce resource- and time-intensive procedures that effectively reduce the time that staff have for growing their business. Such procedures often aim at ensuring sustainable business practices, but are based on a misunderstanding of how many African SMEs operate. Entrepreneurs rarely codify their business strategy or have formal policies, but tend to have a strong cultural or faith-driven commitment to support their communities.
- **Aisling Croning**, Deputy Chief Economist, Ministry of Agriculture, Ireland, stressed that mentorship by donor country companies as well as continuous monitoring and learning from results were critical in developing sustainable agri-food systems. She highlighted a twinning scheme between an African and an Irish agri-food company.
- **Amanda Hickey, Cornell University**, flagged an ongoing research collaboration between FAO and Cornell University which investigates lessons for growth from small and medium agri-business models across countries.

Participants also reflected critically on the priorities going forward. Some recurring themes include:

- Whether the 'middle' of small to medium agro-enterprises was indeed missing or simply obsolete: The evolution of global value chains meant that large, and often multinational enterprises, gained in importance.
- Whether or not incubators and business training are effective in promoting entrepreneurship: Many evaluations have shown that incubators are not cost-effective and have not reached results at scale. Business training has been shown to be more effective when combined with financial support. It was also noted that training often adds value particularly in helping to develop networks of peers.
- How to avoid moral hazard when providing subsidies to businesses: Recognising that there is a risk of moral hazard is a good first step. In practice, combining grants or technical assistance with forgivable loans (conditional on business performance) can mitigate this risk.

- How to achieve large-scale results: design of interventions should be based on an understanding of sector-wide challenges. Often programmes focused on a single issue, e.g. irrigation for farmers, but then realised too late that there were other binding constraints, e.g. lack of infrastructure to access markets.

An overarching lesson emerging from the discussions was the fast pace of change in priorities and opportunities for agricultural development, such as in the areas of technology and how to make agriculture more attractive for youth. A key implication drawn for donor programmes was the need to become more nimble and entrepreneurial, and to incorporate quicker learning cycles.

Key outcomes from the DCED Business Day, Thursday 15th June 2017:

15 members attended the Business Meeting, joined by three potential members as observers. The first session of Thursday included updates by each agency on their latest developments in PSD. Available presentations for the Business Day are posted on the [DCED webpage for the Annual Meeting](#).

Progress report and work plan

Jim Tanburn summarised progress in 2016-17, and plans for 2017-18, for the Secretariat and for the current Working Groups. Gunter Schall (ADA) presented the proposal to form a Private Sector Engagement Working Group, which he proposed to co-chair with Lars Stein (SDC). Patricia Seex (DFID) and Peter Beez (SDC) presented the proposal to form a Market Systems Development Working Group, which would build on the achievements of the [BEAM Exchange](#). It is planned to expand the capacity of the Secretariat to facilitate the work of this group - to be reflected in the Terms of Reference for the forthcoming Secretariat tender.

- In discussing the Progress Report and Work Plan for 2017/18, Gun Eriksson Skoog of Sida suggested edits to these documents as well as to the DCED website to make a clearer distinction between Private Sector Engagement as a tool, and Private Sector Development as the main objective of the DCED.
- Gun Eriksson Skoog further suggested that in dividing its time between knowledge development and knowledge dissemination, the Secretariat should focus relatively more on how members can make better use of the DCED's resources. This may include more policy briefs and other user-friendly communication materials, and more pro-active outreach and dissemination efforts, such as face-to-face meetings with member agency staff. Several members agreed, while others stressed that it remained a key responsibility of DCED member representatives to disseminate DCED resources in their organisations.
- The 2016-17 Progress Report and Financial Statement, and the 2017-18 Work Plan and Budget, were adopted by acclamation, subject to editing on the two aspects suggested by Gun Eriksson Skoog (above) and subject to no objections to the revisions.
- Members approved the formation of the new Market Systems and Private Sector Engagement Working Groups. Some members stressed that while the BEAM Exchange had been a DFID and SDC initiative, they looked forward to the Market Systems

Development Working Group responding to the interests and needs of DCED members more broadly.

Secretariat tender

Johan Veul informed the members that the three-year Secretariat contract will expire in February 2018, and that the ExCo Co-Chairs will collaborate with IFC on the tender process. Preparations for this will begin shortly. Some members were interested in reviewing the Terms of Reference. It was agreed that the Co-Chairs will share the draft Terms of Reference with members during the (northern) summer, although the window for possible comments is likely to be short. A decision on the winning bid will be communicated to members most likely towards the end of December.

ExCo elections

Ola Nilsmo stood down from the ExCo after a two-year term. Johan Veul thanked him on behalf of the Committee for his valuable support and contributions, which included organising the hosting of the 2016 Annual Meeting in Sweden.

Liliana de Sá Kirchknopf, Head of Division for PSD at SECO, presented herself for election for the DCED ExCo. Anita Bhatia, Director, Development Partners Relations, at IFC (who could not be physically present) stood for a further two year term on the ExCo. Both were elected to the ExCo by acclamation.

Next Annual Meeting

Meredith Lee proposed the MasterCard Foundation as the hosts of the DCED's 2018 Annual Meeting, in Toronto, Canada, on the theme of youth employment; the invitation was gratefully accepted by the members. Some suggested that Working Groups should be held in two sessions spread over two days, to enable individuals to participate in more than one Working Group (i.e. rather than holding them all in parallel on one day, as this year). The MasterCard Foundation and Secretariat will work on the details, including the dates in early June, and come back to members in due course with more information.

Annex 1 List of Participants

Please note that some of those listed did not stay for all three days. The list omits FAO participants who were present for part of the time, other than the DCED FAO focal point.

Member agencies

Austrian Development Agency	Susanne Thiard-Laforet
Austrian Development Agency	Gunter Schall
BMZ	Silvia Heer
DFAT	Jim Downey
DFID	Patricia Seex
DFID	Hilary Corden
FAO	Siobhan Kelly
Finland MoFA	Mika Vehnämäki
GIZ	Birgit Seibel
GIZ	Sebastian Gilcher
GIZ	Alexandra Oppermann
GIZ	Stefanie Springorum
Global Affairs Canada	Marc Blanchette
IFC	Andreja Marusic
IFC	Alan Lukoma
ILO	Merten Sievers
ILO	Farid Hegazy
ILO	Karin Isaksson
ILO	Steve Hartrich
ILO	Markus Pilgrim
ITC	Marcos Vaena
JICA	Toru Homma
JICA	Gaku Funabashi
MasterCard Foundation	Lindsay Wallace
MasterCard Foundation	Meredith Lee
MoFA of Denmark (Danida)	Henrik Vistisen
Netherlands MoFA	Johan Veul
Netherlands MoFA	Jan Meijer
Netherlands Enterprise Agency	Lisanne van Beek
Netherlands MoFA	Louise Anten
Norad	Mehraz Rafat
Norad	Paul Wade
OECD	Naeeda Crishna Morgado
SDC	Alexander Widmer
SDC	Andrea Inglin
SDC	Lars Stein
SDC	Peter Beez
SDC	Chantal Felder
SDC	Nathalie Wyser
SECO	Liliana de Sá Kirchknopf
Sida	Gun Eriksson Skoog

Sida
Sida
Sida
Sida
UNIDO
UNIDO
World Bank

Anne Kullman
Åsa Heijne
Ola Nilsmo
Gisela Strand
Dejene Tezera
Gabriele Ott
Francisco Campos

Potential members

Gatsby Africa
Gatsby Africa
Gatsby Africa
KOICA
Luxembourg MOFA
Poland MOFA
Poland MOFA
UNDP
USAID

Neil Satchwell Smith
Justin Highstead
Andrew Smith
Yohan Ko
Phillippe Mores
Joanna Stachyra
Maciej Chrzanowski
Ivan Lukáš
Pamela Fessenden

Others

BEAM Exchange
DCED Secretariat
DCED Secretariat
DCED Secretariat
DCED Secretariat
BEWG Consultant
GGWG Consultant
RMWG Consultant
RMWG Consultant

Mike Albu
Jim Tanburn
Donna Loveridge
Melina Heinrich-Fernandes
Nick Wilson
Simon White
Matthias Ploeg
Rory Tews
Matthijs de Bruijn