



**Asia-Pacific Rural and
Agricultural Credit Association**
สมาคมสินเชื่อการเกษตรและชนบทแห่งภาคพื้นเอเชียและแปซิฟิก



PROMOTING ARGIBUSINESS STARTUPS: EXPERIENCES FROM THE GMS

November 9, 2021

9:45 am to 12:15 pm (Thailand Time)

ZOOM
REGISTRATION





CONCEPT NOTE

Webinar organised by Mekong Institute and APRACA

(09 November 2021, Virtual mode)

Promoting Agribusiness Startups – Experiences from the GMS

1. Background

Agriculture is the backbone of the Greater Mekong Subregion's (GMS) economies. With over 60 percent of the subregion's 340 million inhabitants engaged in small-scale agriculture, it directly supports the livelihoods of nearly 200 million people. The subregion emerged as the major supplier of the important food and agricultural commodities in Asia-Pacific region in general and ASEAN region in particular. However, the sector faces many challenges such as - limited arable land, predominance of smallholders, poor natural resource management, inadequate capital, low farm yields, environmental degradation, infrastructure inadequacy, lack of access to capacity building, extension and information services, imperfect agri-markets and a string of middlemen in the long agricultural value chains which are leading agriculture as a low remunerative business venture and unattractive to younger generation. Further, the prevailing situation of COVID-19 pandemic have worsened the conditions of farming sector as they are experiencing challenges of supply chain, increasing amounts of loss due to restrictions-especially for perishable produce, price instabilities and market disturbances due to demand fluctuations.

The issues faced in the agriculture sector are now being tackled by new age startups and entrepreneurs who are venturing in agribusiness¹ to bring forth advanced technological solutions in pre- and post-harvest activities of farming and allied sectors to make them become a sustainable and profit-yielding enterprise. In GMS, extensive penetration of internet and smartphones, agri-sector reforms, pro-startups policy changes and growing investors interest in funding agri-sector innovations, have created ample opportunities for agri-startups. According to a report, 23 agri-startups were selected to join the Mekong Agritech Accelerator (MATCh) project² in 2018 as the best agritech ecosystem for the region and showcased their solutions in Hanoi during the GMS Leaders' Summit (30-31 March 2018). The selected agritech solutions for GMS market by 10 international firms and 13 startups from Cambodia, Lao, Myanmar, and Vietnam received the support from the project. Other countries from the Asia-Pacific region are also making tremendous progress in this direction and changing the face for agriculture. Some of the prominent startups in ASEAN are- i-Grow, Tani Group, Chilibeli (Indonesia), Augmentus, Pundi X, AuroraFood Shandi (Singapore), Village Link, Impact Terra (Myanmar), Farm Citizens App, Cropital (Philippines), to name a few.

2. Rationale for the Webinar

Agri-startups are expected to play a pivotal role in transforming agriculture in the sub-region in the coming decades and therefore supporting agri-startups ecosystem would be critical to success of this journey. The ecosystem for successful startups typically starts with proper mentorship with a mix of technological and managerial support. The broader agri-startup ecosystem includes a number of think tanks, research labs, incubators, accelerators and investors. A startup has several development phases which includes: *ideation*, *concept development*, *commitment*, *validation*, *scaling up* and *establishment of start-up*. Development of appropriate policy framework and identification of capable institutions/organization for handholding startups are critical to

¹ Agri-startups and Agri-preneurs;

² MATCh is the first facilitator for agritech startups in Cambodia, Lao, Myanmar, and Vietnam. It is funded by the Australian Government and the Asian Development Bank (ADB), and is co-organized by the Mekong Business Initiative (MBI), Future Food Asia, and the GMS Core Agriculture Support Program (CASAP).

passing through the challenges, gaining momentum and achieving success in demonstrating the power of agribusiness.

Despite having huge potential to revolutionize agriculture sector in the sub-region, so far, the role of agri- startups has still been quite limited which might be due to lack of documentation of successful cases across the countries. There are also many of the existing agri-startups, with early success, are now facing difficulties to scale their businesses. Apart from the challenges faced by the sector in general, the agri-startups in the sub-region are encountering some unique challenges which include: *low-scale of operation, farm technology adoption and affordability, lack of value chain specific commercial guidance and mentorship culture, capabilities of incubators, limited understanding about startups life cycle, relatively low return at the initial years of operation, etc.* it is felt by the development agencies that the above set of challenges are leading to apathy from the financial service providers and private investors and the startups are not able to access to right kind of capital requirement and the initiatives were not able to flourish as per the expectation.

3. Expected outcome of the Webinar

With a view to deliberate on the current status of the agri-startups in the GMS, the key challenges the entrepreneurs are facing and the way ahead for the agri-startup ecosystem, APRACA-Mekong Institute (MI) is organizing international webinar to provide a platform to the stakeholders for having in-depth panel discussions with the participating panelist. The panelists in the webinar will deliberate on three important areas of developing agri-startups:

- a) The current status and challenges faced by the evolving industry of agri-startups from the perspective of innovator-entrepreneur as well as investors supporting 'farm to fork' life cycle of startups;
- b) Establishing collaboration/partnership between/among agri-startups, Farm Coops, Financial Institutions, Government line departments, Training institutes, Private sectors and Venture capitalists to drive holistic growth in startup ecosystem;
- c) Policy environment to support long term investments and building capacity of agri-startups to cope up with the existing challenges in the region.

4. Technical Sessions

The Webinar has been proposed to be divided in to 3 Technical Sessions based on three major outcomes discussed earlier. Panelists are being drawn from the international development institutions, financial service providers, policy makers from central banks and government departments, research and extension experts, private sectors, SMEs and agri-startups. A brief on the technical sessions is provided here:

- **Technical Session 1: Stocktaking on current status and challenges of agri-startups in the GMS:** The rise of the agripreneur/Agri-tech startups trying to fix some major issues faced by agriculture sector in Asia Pacific region. This phenomenon is also prevalent in the GMS countries which however are restricted to select commodities and not across the sector. While the onset of Covid-19 early last year disrupted several industries, the agribusiness (special reference to agritech) sector has proved to be surprisingly resilient. Strong tailwinds formed by restricted movement, migration of labour, and increased consumer awareness of health have helped escalate the adoption of technology throughout the farming ecosystem. Moreover, the classification of agricultural products as essential commodities ensured business continuity for most players during the lockdown in many countries of the sub-region. However, inefficient supply chain to access to the

distribution networks and low-cost investments rarely reach the end customers (Farmers and SMEs). This session will highlight briefly on the current status, role of agri-startups and the good practices followed in the sub-region and the key challenges being faced by the innovators in mobilizing resources.

- **Technical Session 2: Establishing collaborations among the actors in startup ecosystem.** Partnerships and collaborations with agri-startups can have many different forms. They can range from one-time partnerships with single startups to systematic startup programme such as corporate incubators or accelerators. Development agencies including private sector agribusiness entities are developing labs and incubators to support the startups. However, the agri-startups are facing multiple challenges in ensuring sustainability and link up with the large sized agribusiness companies/service providers. The creation and implementation of collaborative networks need to be observed through the lens of the holistic approach to the entrepreneurial ecosystem, whose purpose is to build “bridges” between different actors through the creation of communities of best practices or entrepreneurial networks. The creation of a specific ecosystem is suggested to ease the new entrepreneurship generation toward acquiring an appropriate level of knowledge, skills, financial facilitations, and entrepreneurial culture. The discussions of this session will be around building new collaborative ecosystem to support the ideas of agri-startups to change the face of agribusiness in the subregion.
- **Technical Session 3: Policy environment to promote agri-startups in the GMS.** Agriculture in the sub-region needs to adapt innovations to become sustainable and profitable for farmers. There are multiple challenges facing subregional agriculture, including climate change, water stress, deterioration of soil health, price volatility, and farmer’s lack of motivation to continue farming. Smallholder farmers are left with little surplus for productive investments in new technological solutions. Suitable policies and incentives will promote innovations which can go a long way in improving farm economics with improved yield, reduced cost of inputs and empowering farmers to de-risk against commodity price fluctuations, monsoon failures etc. There have been several efforts at the national governments as well as subregional level to take these innovations to farmers. In addition, there is effort made by some of the international agencies and agribusiness enterprises to support technologies which positively impact smallholder farmers. This session is expected to provide the areas of policy intervention requirement and how policymakers can ensure the services of the agri-startups accessible to farmers across the GMS, making agriculture sustainable and profitable.