Investing in Space for AgriFood

Report Event 7th June 2017 - Europe House The Hague

Supported by:
Purpose of the Conference

The Representative of the European Commission in the Netherlands, Waterwatch Cooperative and Social Equity Fund organised on the 7th of June 2017 a special event Investing in Space for AgriFood at Europe House in The Hague. The event was supported by the Netherlands Space Office (NSO) and organised as a side-event to the European Development Days on the 7th and 8th of June 2017 in Brussels.

The event was organised to explore the potential in the Netherlands and in Europe to invest in the emerging sector of Earth Observation services in the AgriFood Sector. In the past few years new technologies in this field have shown the enormous potential to increase yields and income for farmers while using less water, fertilisers and pesticides. Earth observation data are used in services for crop planning and monitoring, water productivity, pest and disease control and mitigating the risks involved in agriculture. Mobile technologies can also reach the millions of smallholder farmers in Africa, Asia and Latin America and improve the food security of many people.

Participants

During the event this potential was analysed by 50 representatives from investing companies, banks, data companies, Dutch and European government institutes and others active in the field of AgriFood. In the afternoon a live connection was made with participants of the European Development Days in Brussels.
Challenges & Opportunities

Jan Hak of Hak&Partners gave an overview of the rapid developments in the field of Agricultural Technology (AgTech). Through his family ties within the Hak family which founded Hak Conserven, his work covered all aspects of the agro chain, from production to sales. Mr Hak argued that technology will drive the future of AgriFood. The use of High Tech is giving agriculture a new face. The sector will become more data driven. Smart farming will be done as part of a circular economy. The combination of Dutch technology and Dutch entrepreneurship, the Netherlands is well positioned to take a leading role in the world.

Nicolae Mitu from the DG GROW Unit of the European Commission, presented the ambitions and the developments in the European Copernicus Program and how the European Commission if working with member states to take full advantage of the European space program. The growth of the Copernicus Program is a clear indicator of the commitment of the European Commission and its member states to invest in the infrastructure of the European Space Program.

Ger Nieuwpoort is director of the Netherlands Space Office (NSO) which acts as the Dutch governmental agency for space affairs and which promotes the use of Space Technology by Dutch actors. One of the focus areas in this regard is the use of earth observation data in agriculture. The NSO provides satellite data and uses several instruments such as SBIR to promote technology development and application development. One important instrument is the ‘Geodata for Agriculture and Water’ (G4AW) program through which Dutch technology partners are able to work with partners in countries in Asia, Africa and Latin America to develop a service for
smallholder farmers on the basis of a business case. By applying these instruments new markets are opened.

**Ad Bastiaansen**, chairman of Waterwatch Cooperative, highlighted the opportunities and critical success factors to invest in IoT (Internet of Things) for AgriFood. Big data can enable the creation of smart agricultural solutions. Collaboration can be achieved through standardisation and open interfaces which form the basis of creating an open agribusiness network which connects all actors in the agricultural value chain. The current investment landscape in AgTech shows an enormous increase, particularly in the field of Farm Management, Sensing and IoT. The Netherlands however is not Silicon Valley. If the Netherlands wants to retain its position in the field of IoT for AgriFood, it needs to change its mentality regarding innovation & taking risks. Based on its own value proposition it has to identify its own strengths and ways to complement what other regions including Silicon Valley are doing. The Netherlands are then uniquely positioned to make a valuable contribution towards the Sustainable Development Goals.
Jan Willem Löhr of the European Investment Bank (EIB) explained the external lending activities of the bank. The EIB is the largest multilateral lender and borrower in the world. It is active in 160 countries with EUR 78bn in new loans signed in 2015. It is aligned with the EU Global Strategy, the New Consensus for Development and the UN 2030 Agenda for Sustainable Development. Key development drivers include amongst other agriculture, value-chains, digitalisation, industrialisation and urban development.

Tony Fernandes focused on the importance and need to invest in small and medium enterprises in Asia, Africa and Latin America. These small enterprises are sometimes referred to as the ‘missing middle’, between on the hand very small enterprises for which microcredit is available and on the other hand bigger companies with a proven track record who can easily attract investments. Yet these small enterprises are important as they create jobs and income and are necessary to develop new business models based on the markets in Africa, Asia and Latin America.

Mariska Lammers of the Netherlands Platform for Inclusive Finance (NPM) briefed the participants of a recent initiative of some parties (Rabobank, NSO, FMO, NPM, ICCO) to look at opportunities to create more alignment between the parties working with earth observation techniques in AgriFood and the microcredit parties.

Following the Dutch Innovation Agenda
Results of the Event

The developments in the sector of applying earth observation data into services for farmers and other actors in the agricultural value chain are going fast. In the past couple of years Dutch AgTech companies, with the support of Dutch institutes such as the Netherlands Space Office, have proved they are able to develop valuable services and applications. The challenge they are facing is to develop services that address the specific needs of farmers in their context. A solution that works well in one context cannot simply be applied in other areas in a copy-and-paste manner. New data initiatives appear almost daily and the danger of overload is real. Approaches using state-of-the-art technologies and local knowledge of the markets are pre-conditions for success. Here it would help if good practices and successful cases are shared widely.

A second challenge that needs to be addressed is the development of sound business cases. AgTech companies must make sure their solutions are affordable and scalable. Farmers are not always willing or able to pay for information services. Sound business cases should therefore be focussed on a variety of actors in the agricultural value chain. Here the potential strong link between AgTech and FinTech needs to be mentioned as an area where both sectors can profit.

The start-up phase for AgTech companies is coming to an end. AgTech companies and others should move as quickly as possible from the ‘project-funded’ phase to an investment phase where investments are used to scale and mature companies. The financial sector should move away from using only traditional risk-averse investment instruments to investment instruments that fit the stage of scale and maturity of the AgTech companies. The role of governments (both in Europe and in southern countries) is essential to ensure that investments of the past few years in this field are now taking over by other investors. The present practice where various Dutch and European governmental institutes offer standard instruments for investment do not sufficiently match with the investment needs of AgTech companies and investment opportunities provided by other investors. There is an urgency to look at the current gaps in the investment funnel of these AgTech companies.

Some participants, including Actiam, Waterwatch Cooperative and Social Equity Fund, have raised the idea to establish a Fund to invest in AgriFood companies and AgTech companies that are active in emerging economies and commit 10% of the fund to high risk AgTech investments. Different investors – both private and
institutional – can participate in this fund to offer various investment modalities. Alignment with the existing initiative of NPM, Rabobank and others will be looked at.

Participants agreed that cooperation between AgTech companies and investors is crucial and that action is required. We cannot afford an ‘wait-and-see’ approach as we run the risk of losing the initiative to Silicon Valley. If we want the Dutch sector to continue to lead this sector to scale and maturity we need to develop a joint strategy and matching instruments quickly.