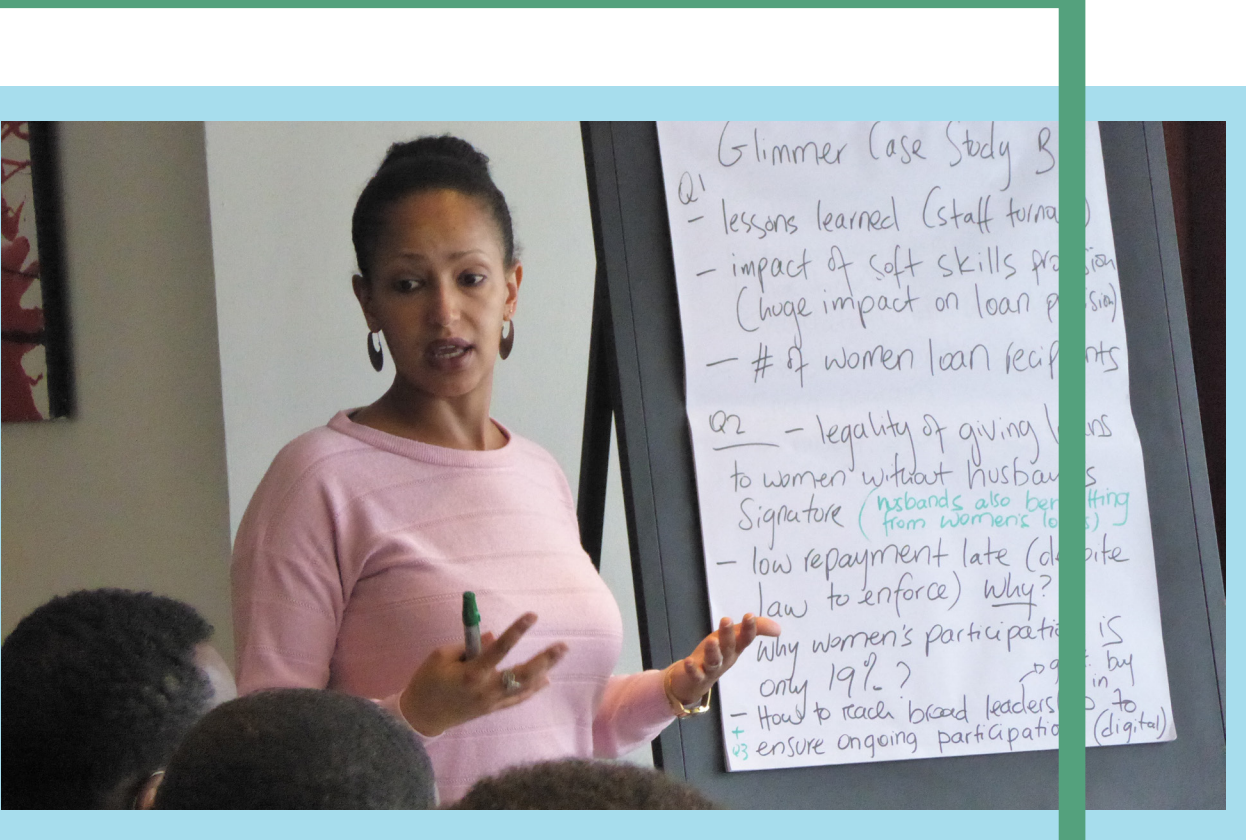


# DESIGNING SUSTAINABLE AND SCALABLE BUSINESS DEVELOPMENT SERVICES



## AMEA'S VISION AND CALL TO ACTION

JUNE 2022



# BACKGROUND

AMEA is a not-for-profit foundation (Stichting) registered in the Netherlands in 2016. AMEA's global network consists of 33 members and partners who reach over 2 million farmers with standardized, integrated approaches to professionalizing farmer organizations. AMEA provides a platform for these members and partners to learn, innovate and scale up the best approaches that exist within the network.

AMEA conducted a Strategy Review throughout 2021 gathering inputs from Network dialogues on subjects such as Business Development Services (BDS). As a result, AMEA developed an overarching Theory of Change to guide the strategy development of the Local Networks. As indicated in the Theory of Change below, AMEA believes that system transformation will only be achieved by the public sector, private sector, financial service providers and the NGOs collaborating around shared local strategies. AMEA also believes the primary focus for change will be at the country level (and other local administrative divisions); and AMEA expects to be active in at least 20 countries by 2030 with 50 million farmers benefiting from new, coordinated systems of BDS.

AMEA considers the development of more sustainable, inclusive, and cost-effective BDS as critical for agricultural system transformation. The majority of BDS offered today is too costly and ineffective for the contexts in which they are embedded. Therefore, these services can rarely be accessed, replicated, and scaled to reach very large numbers of farmer organizations.

AMEA promotes standardized approaches, supported by integrated assessment tools and training and coaching methodologies ([AMEA Toolbox](#)). AMEA has also invested in the Tool Improvement Facility (TIF) to encourage collaboration to innovate and improve members' approaches. This collaboration to design inclusive, scalable, standardized, and integrated approaches aligned to the [IWA 29](#) has brought the Network to a phase where we can start collaborating to scale up the use of these approaches.

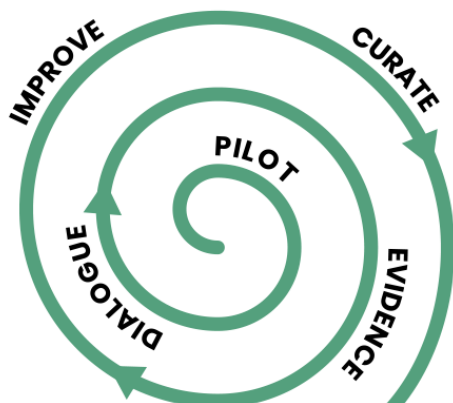
As such, AMEA can move beyond “proof of effectiveness” to “proof of scalability” and, as such, promote more conducive ecosystems for sustainable BDS delivery.

The first steps have been taken by AMEA Local Networks who are in the process of conducting studies on the state of the BDS delivery sector in their respective countries. These studies should enable all stakeholders to understand the constraints and opportunities for building sustainable and scalable BDS. AMEA also hosted a [two-day BDS Dialogue](#) in October 2021 that examined five such potential approaches.



ALP training manual translated into Amaharic

# THEORY OF CHANGE



SCALABLE  
MODELS

## COLLABORATION TO SCALE UP USE OF APPROACHES

- Public sector programmes
- Supply chain partnerships
- Inclusive agri-finance
- FO & Agri-SME associations



## CHANGES IN THE MARKET ECOSYSTEM

- Regulation encourages use of proven approaches
- Shared data with targeted and complimentary BDS
- Low-cost, high quality BDS with proven effectiveness
- Reduced transaction costs for securing agri-finance
- Demonstrated ability to deliver
- to high return markets



## EXPECTED IMPACT

- Inclusive growth
- New investments
- Market partnerships
- Shared risk
- Living Income

## AMEA IN 2030

100 members & partners  
20 Local Networks  
50m farmers reached



## AMEA IN 2021

31 members & partners  
5 Local Networks  
2m farmers reached



# PURPOSE

This Briefing Paper aims to summarise the key elements of potentially scalable and sustainable BDS approaches. It also documents AMEA's position on BDS ecosystems for internal and external audiences. The purpose of doing so is two-fold:

- **Guide new designs for BDS approaches**
- **Stimulate discussion on system change to move beyond proof-of-concept pilots**

## DEFINITION OF BDS

The definition AMEA uses for BDS largely draws from the [BDS Learning Brief](#) publication by Cordaid and a [USAID publication on BDS](#), which highlight that a distinction needs to be made between Business Services and Business Development Services. The scope, payment modality, origin (from actors) and frequency of provision of these services mark the distinctions.

Therefore, BDS in this case is defined as “services by (third) parties providing **temporary** support to the business operations of (small and medium) business to develop and grow.” Examples include technical training on diverse subjects, management and business training, and other temporary services needed to improve business performance.

# A VISION OF A NEW SYSTEM

AMEA's vision for a new agri-system is one in which farmers receive a living income for fair working conditions that inspires the next generation to invest in sustainable farming as a business. AMEA wants to achieve this by providing a platform that enables stakeholders to learn, innovate, and scale up the most effective ecosystem approaches for supporting farmers according to their local contexts.

AMEA believes that inclusive agricultural growth that transforms the lives of billions of smallholder farmers will only be possible if we invest in the development of the agri-ecosystem. This is already proven by many countries around the world that developed coherent public-private-financial sector policies and programs to enable farmers to break out of the chains of poverty.

AMEA believes this **agri-system must be evidence-based and data driven, which enables learning, improvement, and accountability**. This applies to everyone in the value chain, including the BDS providers.

This system would also enable all actors in the value chain to develop their own analyses based on a shared understanding of the current state of that value chain and the collaborative efforts needed to deliver the returns that will motivate engagement.

The following propositions are elements of this system. This is not intended to be an exhaustive list, and AMEA is testing these propositions through our member and partner programs.



# AMEA PROPOSITIONS

## KEY ELEMENTS FOR SYSTEM TRANSFORMATION

AMEA has 6 Propositions that could enable System Transformation.

1

### Standards are necessary to improve the quality of BDS

AMEA believes that a common language among stakeholders in the agricultural development sector is crucial to advance farmer organizations' development goals. Therefore, AMEA partnered with NEN (the Dutch ISO agency) to develop an International Workshop Agreement ([IWA29](#)) and is currently in process of converting this to a full International Standard.

The intention of this International Standard will be to:

- **Support members and staff of farmer organizations to supervise and hold their organizations and leadership accountable**
- **Increase the understanding and confidence of buyers, suppliers, investors, and others doing business with farmer organizations**
- **Give direction to the actions of providers of training, assessment, advisory and other organizational and business development services**

Therefore, standards serve to align the vision and interventions of stakeholders in their efforts to professionalize farmer organizations.

Agri-ecosystems should push for national governments to adopt standards and strive for the use of the Standard to enable BDS quality to be measured systematically and improvement plans to be proposed. As such, the quality of BDS delivery can be improved.

However, a note of caution is needed. AMEA does not intend for these standards to be imposed on farmer organizations and/or used by standard certification organizations to create income for themselves. The use of the Standard should create value for the farmer organizations and must serve all farmer organizations at all levels of development.



AMEA Regional Network Facilitator presents at Uganda BDS workshop and survey validation (April 2022)

## 2

### **Sustainable local BDS ecosystems require guiding principles**

Once a Global standard is adopted at the National level, a key step to operationalizing a standard will be for local BDS providers to organize in a way that creates incentives for adopting the standard. This could be in the form of recognized groups of BDS providers in different sectors e.g. public, private, financial, etc. These organized groups should be encouraged to adopt guiding principles which can drive improvements in BDS such as:

- **Using approaches that are flexible, adaptable, and participatory to appropriately respond to the agri-systems changes**
- **Using demand-driven approaches to deliver services according to FO needs**
- **Using business models that bundle services to address willingness/ability to pay**
- **Creating vibrant and competitive markets for BDS**

Finally, for local BDS strategies to be sustainable they need to be based on a deep understanding of the existing opportunities in the market system. And they should build on these opportunities. BDS Strategies therefore must be adapted according to the context in which they are operating

## 3

### **A standardized assessment process is required to enable FO segmentation and BDS tailoring. This will lead to more cost-effective integrated approaches that can be scaled**

AMEA's experience demonstrates that it is critical to a) segment farmer organizations and agri-SMEs according to their capacity-strengthening needs and b) tailor BDS delivery based on that segmentation. This is key to supporting farmer organizations' transition to better financing, higher profits, higher shared value, and better returns for members. It also enables BDS delivery to be more targeted and efficient. An International Standard provides the basis for the segmentation of farmer organizations according to a language (and objectives) that are commonly understood by the interested parties.

AMEA calls this "package" of assessment tools and training and coaching methodologies – that are to different degrees aligned to an International Standard – an integrated approach. While AMEA does not advocate the standardization of the assessment tools nor the curricula themselves (that is, there is a multitude of tools and curricula that can efficiently be delivered as a package), AMEA does advocate that the process of delivery be standardized. That means, a process that first implements assessments that inform the training and coaching curricula, followed by re-assessments to capture improvements, and inform the next rounds of training.

AMEA contends that integrated approaches should be scaled because they would be more cost effective. Data collected during the delivery of an integrated approach can allow BDS to be tailored to business capacity, needs, and farmer organization composition. In general, this results in fewer generic training events and more customized learning experiences.

As such, standardized processes for assessment and BDS delivery (integrated approaches) should be a priority. The AMEA Toolbox offers members access to a set of assessment tools and training and coaching methodologies that can be integrated.

## 4

### **Data sharing has the potential to generate synergies and enable learning and improvement cycles**

AMEA also believes that data should be generated in line with standards and a common dataset should be available to all stakeholders within agribusiness clusters. Data collection and sharing, while protecting privacy and rights, is ever more important for advancing development goals. [The World Bank's World Development Report 2021: Data for Better Lives](#) is clear about the need for a new social contract, globally and nationally, that harnesses the potential of data for development.

However, AMEA does not yet have answers for questions such as how we can address some of the barriers to data sharing within the Network. As such, AMEA will promote dialogues around the use and sharing of data, especially to generate synergies, learning, and improvement cycles for BDS approaches, as well as to reduce the reporting burden on farmer organizations and other agricultural market system actors.

## 5

### **Digital innovations will enable scaling**

A way to harness the potential of data sharing in the Network is by stimulating digital innovation where thriving BDS ecosystems are nascent or non-existent. AMEA can do this by promoting systematic, collaborative approaches to digital data collection and business intelligence data platforms. AMEA will also explore the possibility of promoting national, regional, and value chain databases of farmer organizations – with information collected through standardized assessment processes. For example, the AMEA Local Network in Côte d'Ivoire is currently holding talks with the Conseil Café Cacao (CCC) about a national database of cocoa producers.

In terms of training and coaching, content can also be digitally delivered, but there are current limits in its reach that remain to be pushed. Face-to-face coaching will likely remain essential. As such, AMEA will continue promoting blended approaches of BDS delivery to ensure certain groups are not left behind (for example women, youth, low-literacy and low-tech-literacy groups as well as remote farmer organizations).

Other digital agricultural technologies (AgTech) and multimedia solutions will likely be important to complement blended BDS delivery and to enable scaling. The AMEA Working Group on AgTech should continue promoting exchanges of members' experiences with agtech solutions of various kinds, such as blockchain, digital finance, ICT4Ag, and precision agriculture, among others



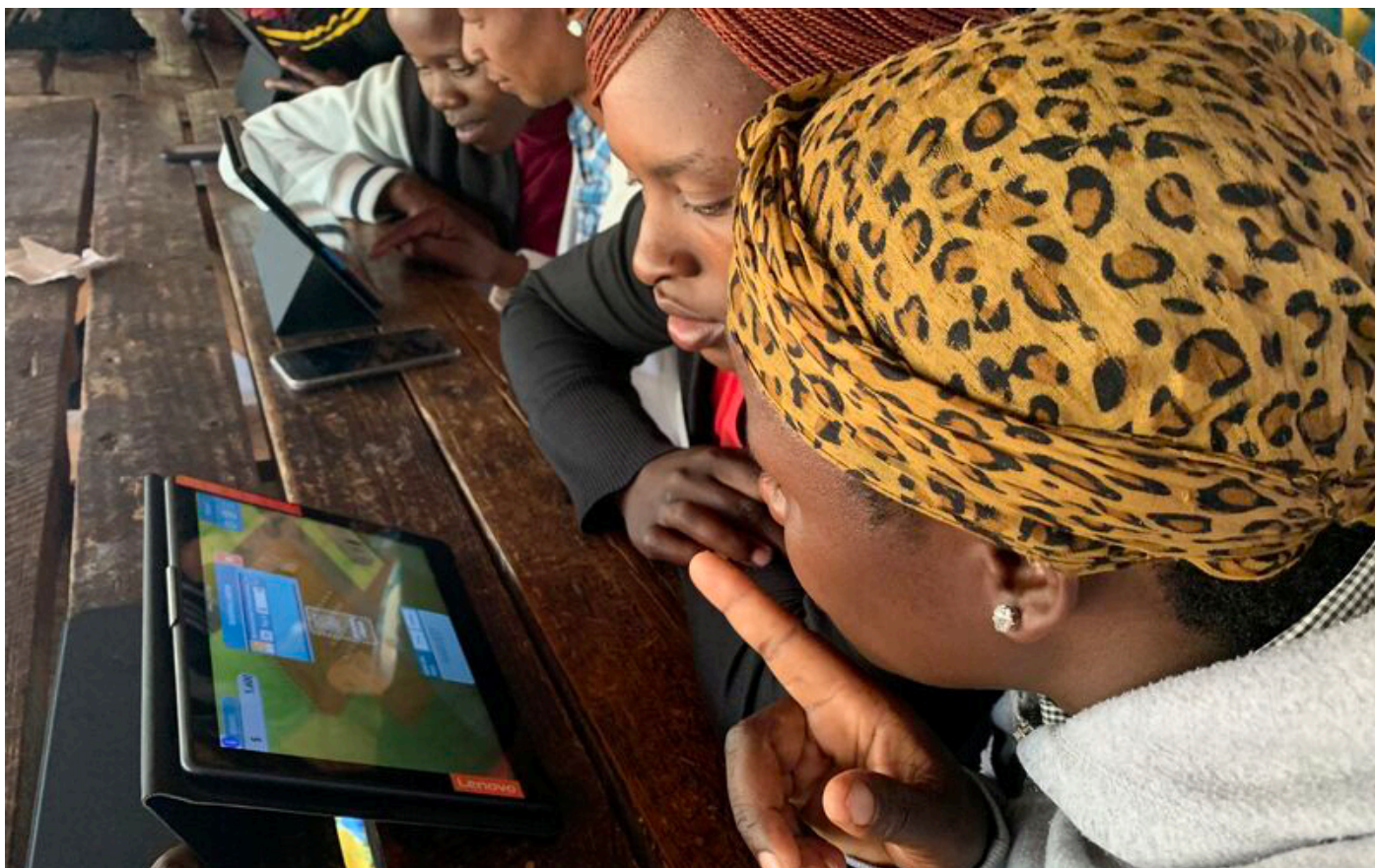
## 6

### Reaching the poor will still require subsidies where market-based services are not yet possible

Market system development (MSD) approaches are increasingly being used and this can lead to strategies that aim to eliminate all subsidies and drive market and private sector engagement. AMEA believes that subsidies will still be needed to complement market-based approaches when there is a lack of feasible business cases. In those cases, subsidies can reach the most vulnerable and poor, as well as their nascent farmer organizations. Subsidies will also remain needed to empower groups (for example youth, women, and ethnic minorities) who are marginalized and discriminated against, and are underserved in their country context.

AMEA recognizes that many of its members and partners are piloting different approaches to delivering BDS and are testing out cost-sharing and willingness to pay. Successes are often only achieved by selecting the best performing farmer organizations and this can mean that up to 90% of farmer organizations are ignored. AMEA would argue that there is a need for a balanced portfolio of projects that create a pipeline, and that subsidies are needed for the 90%.

We therefore need to develop smart ways of sharing the costs of BDS delivery – for example, through subsidies or blended financing models (including private sector partners) for these FOs, which enable them to access BDS and contribute to the formation of self-sustaining BDS ecosystems. This work must also consider how to reach marginalized groups (including within FOs and agri-SMEs). Women and youth groups, for example, are likely less able to pay for services given the additional barriers they face.



Kucheza learning approach in action (from AMEA's second AgTech Guide)



# POTENTIAL CHALLENGES

AMEA's vision of a new agri-system and the transformations we seek still faces challenges. Regarding BDS ecosystems, key identified challenges are:

## FAILURE TO CONVERT THE IWA 29 INTO AN INTERNATIONAL STANDARD

In 2022, ISO will start the process to convert the IWA 29 into an International Standard. As with all ISO standards, the process will be global and involve the participation of a diverse range of stakeholders. To become an International Standard, the IWA 29 will have to be voted as such. This is expected to happen by 2024. There is a risk that it will be rejected, albeit a small risk according to NEN's (the Dutch Standardization Bureau, which will lead this process for AMEA) experience. To decrease the risks further, AMEA aims to continue strongly promoting the need for this standard and will ask several members and partners to join efforts to support this objective.

## PROVING CONCEPT AND SCALING-UP APPROACHES

The integrated approaches to BDS delivery that AMEA promotes have been tried and tested over the past few years, generating many successes and many lessons for improvements as well. AMEA believes the approaches are now proven and should be replicated and scaled up. However, there is slow uptake of these approaches by stakeholders. Therefore, AMEA will continue to invest in understanding the barriers for convincing stakeholders and in the continuous development and scaling of these approaches.

## BARRIERS TO DATA SHARING

When promoting the sharing of data for common objectives within a Network and among partners, a few challenges can slow down progress. These often relate to matters such as data ownership and trust. Questions to be answered include: Who owns the data? And to what extent can it be shared without compromising the parties involved? Therefore, in 2022, AMEA will organize a series of dialogues with members and partners to untangle these questions and potentially arrive at a common understanding of how to collect and share data within the Network.

# CALL TO ACTION

## DEVELOPMENT PARTNERS

Development Partners clearly have a strategic interest in supporting inclusive agricultural growth strategies. Their stakeholders expect them to support programs that reach beyond the top 10% and can be shown to be cost-effective, and thus scalable. Development partners often invest in system development approaches in the agricultural sector, such as the seed sector approaches. AMEA calls on Development Partners to invest in the same way within the BDS sector for agriculture and in the development of local capacities to provide BDS services sustainably.

Development Partners can start by officially recognizing the IWA29 and promoting its use within their teams and implementing partners. This will promote the design of programs that take a strategic approach to BDS, which in turn will change how BDS is procured. Development Partners incentivize the expansion and the shaping of the market for BDS and they have the power to change the way that market functions.

## IMPLEMENTING AGENCIES

Implementing agencies are key actors in BDS ecosystems, as they are often the agencies that commission or directly deliver BDS. There is a common complaint about the quality of BDS and this can be due to both the commissioning and the delivery. AMEA encourages implementing agencies to facilitate the development of private BDS provision, while ensuring they are not crowding out these providers through direct service provision.

AMEA also encourages implementing agencies to use approaches and tools that have been proven to be effective and ensure the tools are used to tailor the services provided – that is, in line with the business-critical functions. The AMEA Toolbox offers a curated, peer-reviewed set of tools that have been benchmarked against IWA29, which enables agencies to select the right tool and identify areas for improvement.

## GOVERNMENTS

Governments in developing countries and Development Partners often work together. It is also clear that governments in many developing countries are now taking the lead on policy and strategy development, and are aiming to be independent of foreign aid. Governments are critical actors in sustainable BDS ecosystems development and should take a leading role in adopting internationally recognized standards; investing in BDS ecosystems by (co-)financing standardized and scalable BDS delivery approaches; and supporting other stakeholders' efforts to develop demand and offers of databases for farmer organizations' capacities development.

## FEDERATIONS AND ALLIANCES

Farmer federations and cooperative alliances have a mandate to find the most effective approaches that enable their members (farmer organizations and cooperatives) to become professional, business enterprises that deliver economic, social and environmental returns to their members. AMEA calls on farmer federations and alliances to be partners in the generation of demand for sustainable, scalable, and cost-efficient BDS by:

- **Promoting the use of standards and effective approaches that can be scaled**
- **Providing a screening service, based on standards, to enable their members to choose BDS providers who can best provide the services they require**
- **Facilitating the dialogue between (private and public) agricultural programs and farmers and their primary and secondary organizations**
- **Facilitating generation and sharing of data**
- **Participating in design of market rules (regulation)**

## AGRIBUSINESS LEADERS

Agribusinesses are always looking for more effective ways to build their supply chain partnerships and there are growing incentives to invest in inclusive growth strategies. Incentives are necessary as developing an inclusive supply chain has significant risks for all businesses involved, from the multinational trader to the farmer organization. Businesses would clearly benefit from a more sustainable, scalable, and cost-efficient BDS ecosystem.

We call on all businesses to engage in global and country dialogues to demand a more coherent, coordinated approach to value chain development based on approaches that are proven. This will also require businesses to commit to a joint learning agenda to build a more effective BDS ecosystem together. The challenges of inclusive growth need this collaboration, as AMEA strives to promote the benefits farmer organizations get from paying for BDS provision.

## AMEA NETWORK

Finally, the AMEA Network calls on all our members and partners to participate in the Network's efforts to make the change we are seeking for BDS ecosystems. We call you to contribute to our Global activities on BDS, as well as to follow or participate in the Local Networks' activities of your interest. The AMEA Network strives to have all key stakeholders sit around the table, share their visions and approaches, as well as to work towards a common vision, strategy, and implementation of BDS in a country's agri-ecosystem.

## JOIN THE AMEA NETWORK

AMEA calls all interested parties to join us in the endeavour to support sustainable BDS ecosystems. The AMEA Network provides a range of opportunities to participate:



**Join AMEA!**

**Join the AMEA Local Networks**

**Participate in the AMEA Toolbox Working Group**

**Develop a strategic partnership with AMEA**

**Design programs with integrated BDS approaches**

**Use the AMEA Toolbox and other resources**

