

Topic 3: Local BDS Market Development



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AMEA Learning Event
BDS Ecosystem Development

June 2025

Current State Overview | BDS markets are highly fragmented and inefficient with limited coordination among stakeholders

Key Characteristics of the Current State BDS Markets

 High degree of fragmentation	<ul style="list-style-type: none">The BDS landscape is characterized by uncoordinated providers delivering overlapping and inconsistent services, leading to duplicated efforts, inefficient use of funds, and inconsistent quality of services
 Lack of demand-driven incentives	<ul style="list-style-type: none">Agribusinesses are often unwilling or unable to pay for BDS (ISF's 2023 analysis revealed only 38% of firms pay a fee for services), while providers often lack the commercial case to charge fees as they are not providing services that align with market needs
 Over-reliance on donor funding & short-term projects	<ul style="list-style-type: none">BDS activity is mainly driven by donor capital which results in projects that are tied to short funding cycles with a focus on approaches that prioritize scale and hitting target KPIs
 Limited interoperability and weak data coordination	<ul style="list-style-type: none">Lack of shared data standards and performance metrics siloes projects, raises transaction costs, hinders effective decision-making and prevents providers from demonstrating impact
 Limited financial sector engagement	<ul style="list-style-type: none">Financial institutions remain hesitant to finance BDS-enabled agribusinesses due to a lack of trusted risk assessments and common performance metrics



Complication | Why is this an important issue to solve?

Structural Inefficiencies

The current model wastes resources through duplication, fragmented tools, and uncoordinated donor funding.



Misaligned Incentives

Donor MEL systems prioritize reach over outcomes; providers are rewarded for activities, not performance which serves to maintain a status quo where incentives are often antagonistic with desired outcomes.



Lack of Trust Infrastructure

Banks, buyers, and even agribusinesses have **no standardized, comparable signals for assessing BDS quality or value** which hinders transparency and comparability across projects and markets.

A Missed Opportunity for Impact

Many parts of the system are already evolving — but without shared direction, impact remains shallow and disconnected while donor funds are allocated inefficiently and **serve to reinforce and perpetuate an asymmetric BDS ecosystem characterized by a mismatch of incentives and outcomes.**



Potential Mature State | BDS markets become more efficient and market-driven, with greater coordination among stakeholders

Emerging Themes / Characteristics



Market-driven demand

- **Agribusinesses recognize ROI from data-driven, tailored BDS** (e.g., effective BDS delivery leading to ~27% increase in avg. revenue growth rate and ~20% p.a. annual FTE growth rate) and are **willing to pay fees for services**



Interoperable & shared data-infrastructure

- A common **BDS data platform and standardized metrics** (e.g., **ISO 18716**) **drives efficient data collection and tailored BDS provision**



Coordinated service delivery & specialized roles

- Specialization with context-specific delivery models **prevents overlap, limits surface-level programs and ensures full value chain coverage**



Local coordination and government involvement

- Governments see public-good role in the market and support local associations to **curate providers lists, uphold quality certifications and convene local roundtables**



Sustainable funding models & financial sector participation

- Blended finance facilities support BDS providers **to build capacity, pursue digital delivery and cultivate long-term agribusiness relationships** while commercial lenders **incorporate BDS performance metrics into credit assessments**

A Note on an “Intermediate State”

- There may be an intermediate, or more pragmatic, vision of a mature market that only achieves some of the outcomes on the LHS in a shorter time horizon
- Working towards this intermediate state is not incompatible with a more ambitious end vision, but rather can be a more realistic middle-ground in service of steering the market in the right direction
- In this intermediate state the market would still benefit from better coordination, more efficient use of targeted funds, increased data sharing and goal alignment and stimulating pockets of commerciality while recognizing that much of this sector lacks underlying demand pull to drive a full commercial transition



- **AGRA's approach in**

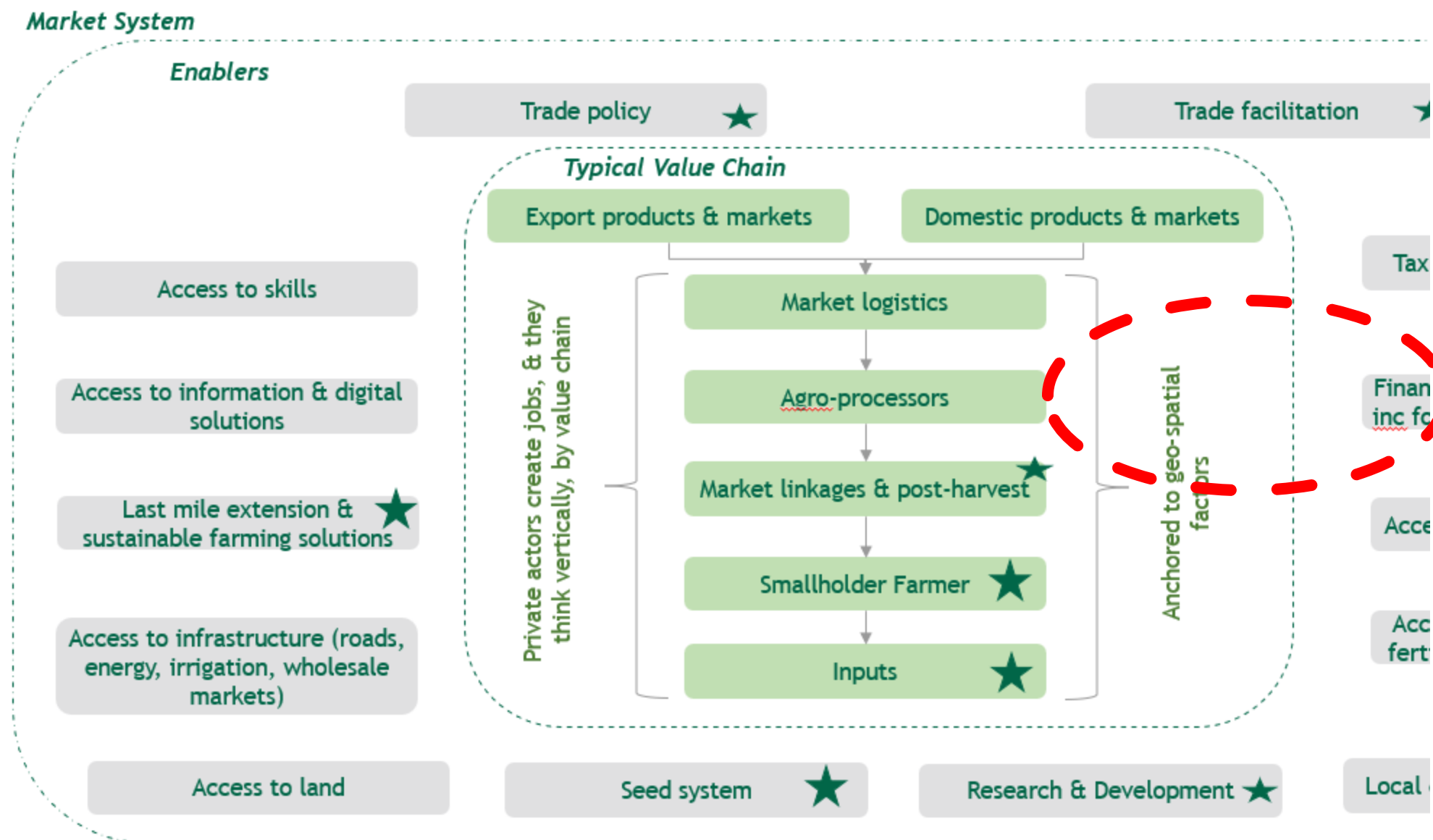
Business Development Services

June 2025



AGRA 3.0 adopts a market systems development approach

We focus on interventions that modify the incentives and behaviors of businesses and their services providers – public, private, formal and informal – to ensure sustainable and large-scale beneficial change.



Business Development Services (BDS) markets are often malfunctional, they lack:

- Information (contact, quality, needs, offer) on both sides: demand for (SME database) and supply of BDS (providers database)
- Pricing mechanisms which are distorted by donors and projects
- Performance measurement systems to assess quality and effectiveness of BDS
- Segmentation according to type of Agri-SMEs and their demand & need for BDS
- Linkage with the financial sector actors, BDS responds to requirements of financiers.

<https://scopeinsight.com/how-to-build-a-business-development-services-ecosystem>

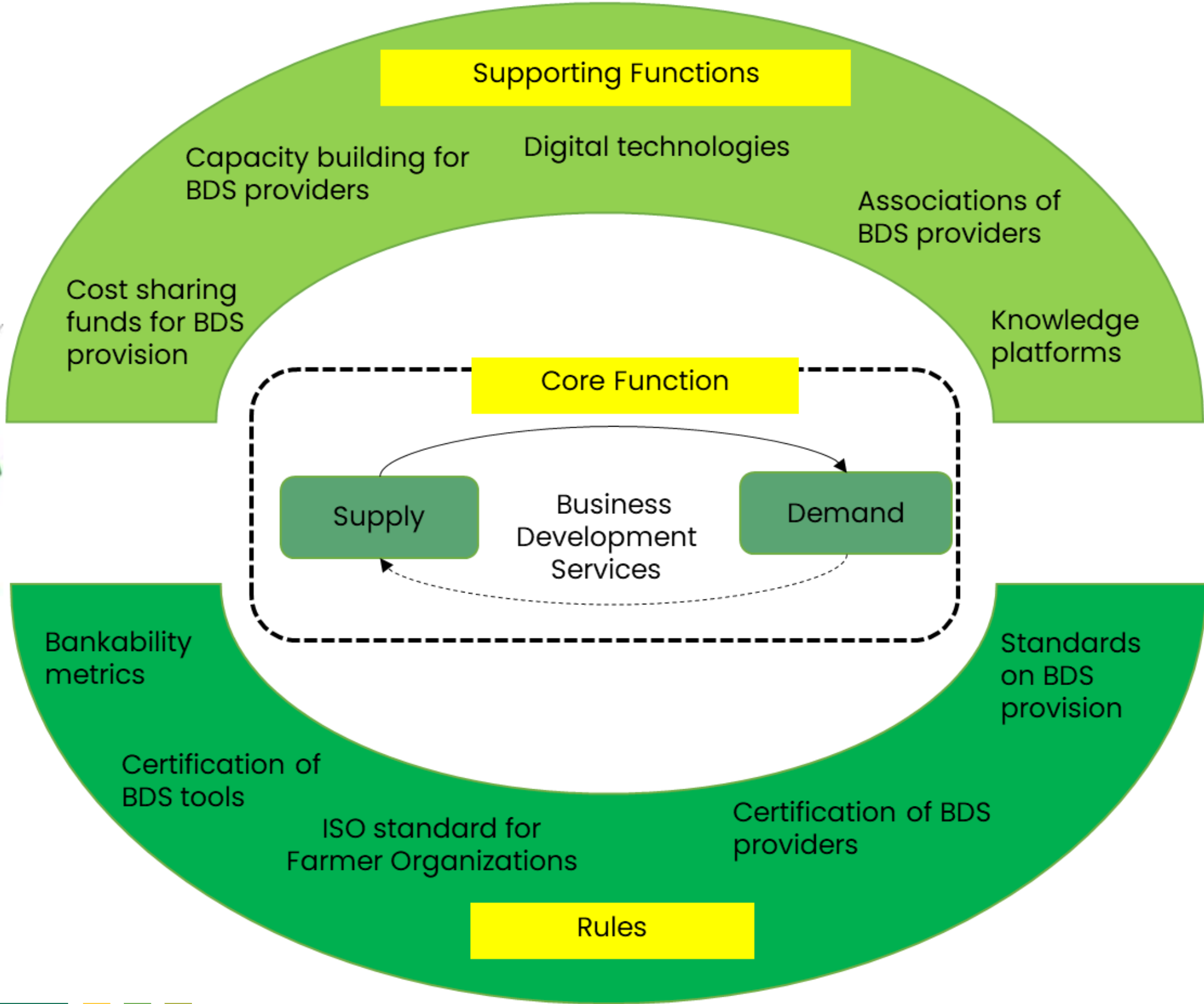
BDS Ecosystem: What does it consist of?

AGRA can
intervene on all
rules and all
support functions

Business
Development
Service

Strategic Planning for
Business Growth: How to
Gain a Competitive Edge in
the Market

strategyxxx.com



Challenges and things to consider



- Dichotomy between long-term vision to build a vibrant BDS market and the short-term target to improve performance of agricultural SMEs.
- Building a market for BDS will take time; willingness to pay for BDS is low if the market is not transparent and able to communicate value for money.
- Lack of coordinating bodies for the BDS market; can be private sector-led (industry association) vs government-led (public authority).
- Connection between BDS providers and financial institutions need strengthening, harmonization of language and performance indicators. This requires experts that speak both languages

DO's: Investments that AGRA prefers to make



1. Improve the capacity of local BDS providers especially those in rural areas and those focusing on youth and women led enterprises. Coordination between financial institutions and BDS providers.
2. Development of Agri SME and agricultural cooperatives databases which contain performance metrics that are accessible for financial institutions and anchor firms seeking to work with cooperatives and smaller businesses.
3. Creation of BDS cost sharing facilities as part of institutional development of mandated institutions like private sector federations, youth agribusiness associations, etc. Enterprises that pay a fee for BDS experienced a higher impact on their revenue, growth, employment, and other metrics, than those that did not.

DON'Ts: What AGRA should not do or invest in



1. Do not invest in BDS delivery **without assessing the Agri SME capacity and needs** and the requirement of the financial institutions. We need to be able to measure progress in performance and support businesses to access finance!
2. Do not develop a Business Development Services program **without a competitive process to source the provider**
3. **Do not select BDS providers who are not adopting best practices** in BDS delivery: SME segmentation models, cost sharing systems, standards setting, database or repository development to make the BDS a public good,...

Tools to use in BDS ecosystem development

To operationalize BDS ecosystem initiatives:

- Bankability metrics to harmonize language between BDS providers and financial institutions
<https://agra.org/news/bankability-metrics-bridge-the-language-between-lenders-and-agri-smes>
- Voucher scheme operational manual <https://www.findevgateway.org/sites/default/files/publications/files/mfg-en-toolkit-step-by-step-how-to-set-up-run-and-evaluate-a-voucher-program-2001.pdf>
- Databases of SME resources <https://agribusinessdealroom.org/the-sme-resource-bank/>
- ScopeInsight assessment tools and database for benchmarking performance of the BDS delivery
www.scopeinsight.com
- Standardized curricula for BDS provision that can serve as entry level training before tailor made BDS is delivered
 - Agribusiness Learning Program [ALP E-learning modules on the WB Open Learning Campus \(OLC\)](#)
 - Agribusiness e-Academy <https://online.atingi.org/>
 - AgriXcel <https://www.africanmanagers.org/agriexcel/>
 - Start and Improve Your Business (SIYB), <https://www.ilo.org/start-and-improve-your-business-siyb>

Tier 1 and Tier 2 partners on Business Development Services



Tier 1 partner: AMEA because:

- Member-based organization of which AGRA is a member
- Has managed the development of an ISO standard for performance of farmer-based organizations
- Regroups many BDS ecosystem players active in Africa (tier 2 and 3)
- Supports tools, knowledge products and standards development for the BDS ecosystem
- Has local networks in many AGRA countries (Ghana, Ethiopia, Kenya, Uganda, Tanzania, Mali..)

Tier 2 partners: Regional impact on BDS ecosystem, blended learning platforms



Tier 3 partners: National and local BDS providers and AGRA implementing partners





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Sustainably Growing
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