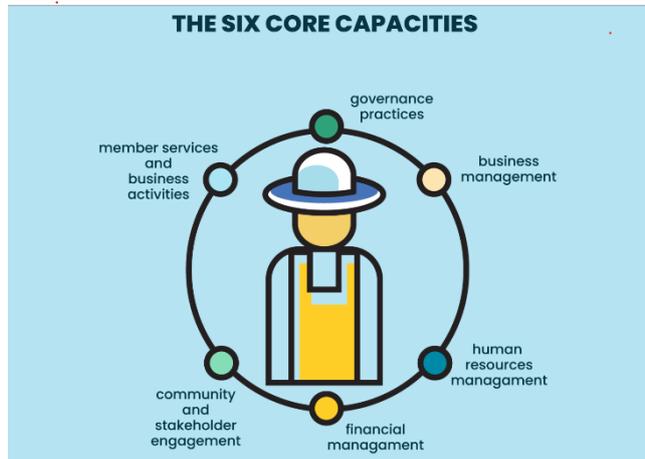


# **ISO 18716 – Professional Farmer Organization: Guidance**

## **Benefits and Use Cases**

Professional Farmer Organizations and other Agri-SMEs are critical to Inclusive Agricultural Growth. Support to these enterprises is fragmented, inefficient and often ineffective. One of the reasons is that different stakeholders use different frameworks and indicators. There is an **urgent need for a common language** by which we can measure progress. This will empower the enterprises to demand the support they need to grow their business and enable that support to be more coordinated.

**ISO 18716** creates this common language by **providing detailed guidance on the six core capacities** a professional Agri-SME is expected to have.



The benefits and use cases for by stakeholder group are outlined below. We encourage **national, multi-stakeholder dialogues to develop use cases** which build on existing initiatives and address specific, contextual challenges in the way Business Development Services (BDS) are delivered to Farmer Organizations and other Agri-SMEs. These dialogues already exist in many countries and have produced **National BDS Roadmaps**.

### **Farmer Organizations and Other Agri-SMEs**

Farmer Organizations and other Agri-SMEs receive BDS but they often have very little power to influence who, how or what is provided. It is a supply and donor driven market. Standardized data on Agri-SME development has the power to transform how the enterprise sees itself, determine what it needs and demand it.

**Use Case #1** – Farmer Organizations and other agri-SMEs can use ISO 18716 to ask for clear, consistent data about how their business is doing. This gives a complete picture of their strengths and weaknesses. It also helps identify the right experts to support them with tailored advice. And finally, it gives members and shareholders the information they need to track progress and hold their leaders accountable.

**Use Case #2** – Standardized data also enables Farmer Organizations and other Agri-SMEs to build a credible track record that can attract partners for their business expansion e.g. offtakers, financial service providers and subsidized programs. These partners are essential for raising finance, accessing new markets and expanding their supplier base.

### **Governments**

Over the past two decades there has been a significant shift from production-focused to commercially oriented agricultural strategies. As a result governments are seeking to invest in approaches that can deliver inclusive agricultural growth. Governments are aware that many rural development projects underperform, but without credible data, there is little incentive to improve. The lack of data also affects the Government's ability to coordinate development assistance in the agricultural sector.

**Use Case** – Governments should invest in farmer organizations/Agri-SME databases that collect performance data across all programs targeting these enterprises, using a standardized data collection mechanism. To support this, data standards would need to be developed, including the national adoption of ISO 18716, to ensure that capacity data is consistently captured. These databases should be designed to deliver tangible value to stakeholders as outlined below:

1. Enable all stakeholders to benchmark approaches to support Agricultural enterprise development. This would enable faster adoption of best practices and the development of a collective learning culture.
2. Enable public and private investors to direct investment to those programs that use standardized approaches and contribute to shared data systems. This would create a positive reinforcement loop.
3. Financial Service Providers would eventually trust the data and use it to reduce their client acquisition and management costs.

### **BDS Providers**

It is estimated that 95% of BDS is provided through subsidies, often referred to as catalytic capital. This has contributed to a supply-driven BDS market, where reporting to donors and grant managers takes priority over accountability to the actual clients i.e. the Farmer Organizations and Agri-SMEs. Only the high performing BDS Providers are likely to adopt a standardized data set that helps assess the effectiveness and results of their services.

**Use Case #1** – Providers can benchmark their approaches against ISO 18716 and identify areas for improving their service delivery. This is a practice already adopted by many AMEA members. It also enables the BDS providers to communicate their capabilities to the market using an internationally recognized standard.

**Use Case #2** – Providers can use standardized data to design tailored support based on segmenting the Farmer Organizations and Agri-SME market by level of maturity and need. Updated guidance on segmentation can be found [here](#) and AgriGRADE provides a compelling case for segmentation [here](#). Providers who use segmentation are likely to be those that succeed in the future marketplace.

### **Large Agribusinesses**

Large agribusinesses (buyers, processors, traders, etc) usually have a supply chain that includes a variety of Farmer Organizations and other agri-SMEs that are providing processed agricultural produce?. Large agribusiness therefore have a vested interest in the performance of farmer organizations and agri-SMEs.

Large agribusinesses tend to rely on their field teams to understand local dynamics and broker short term commitments with supply chain partners. As a result, public data on aggregator capacities (e.g. FOs) has limited value for agribusinesses. The short-term nature of these contracts also means that the large agribusiness is unlikely to address all needs of a farmer organizations/Agri-SME in their supply chain, especially as that enterprise might decide to take their business elsewhere in the following season.

However standardized data on the capacities of farmer organizations/Agri-SMEs can help agribusinesses better understand the needs of these farmer-based organizations For large

agribusinesses working with dozens or even hundreds of farmer organizations, standardized data enables scalable and efficient engagement. It makes it easier to align with subsidized programs that can provide more holistic support. A good example is IFC's work with companies such as Cargill and Heineken/Soufflet, as documented in AMEA's case studies.

**Use Case #1** – Large Agribusinesses can require their project partners, who often operate with catalytic capital, to use ISO 18716 data points to segment and design appropriate BDS for their supply chain partners, such as FOs and other Agri-SMEs. The [IFC/Soufflet case study](#) demonstrated that Soufflet valued the use of standardized training/coaching and there are plans to use a segmentation approach in the next phase.

**Use Case #2** – Large Agribusinesses can also engage through platforms, such as horticultural associations, to improve the quality of the BDS provided within a specific sub-sector or value chain. This should include promoting the use of standardized data. These platforms with support from governments, can act as gatekeepers and provide quality assurance to ensure that only proven approaches using standardized data collection are applied. It is reasonable to expect that improved performance at the sub-sector or value chain level will attract increased investment from both the public and private sectors.

### **Financial Service Providers**

Financial Service Providers (FSPs) need a strong pipeline of high-potential clients. In practice, they often waste considerable time assessing applicants who have little chance of qualifying for finance, largely because the initial data is inaccurate or inconsistent. This is often the result of companies and BDS providers using different data sets and presenting information in non-standardized ways. FSPs would benefit from a more robust and harmonized data collection system based on ISO 18716 data points. This would enable them to target specific Agri-SME segments with services that best match the characteristics and needs of each segment.

**Use Case #1** – FSPs integrate the use of ISO 18716 data into their client sourcing approach and include it in their due diligence process.

### **Development Partners**

Development Partners usually evaluate their programs based on the OECD evaluation criteria: relevance, coherence, effectiveness, efficiency, impact and sustainability. They also aim to ensure that value for money is achieved.

**Use Case #1** – Development Partners integrate ISO 18716 data points into their Monitor & Evaluation (M&E) frameworks and require grantees to report on farmer organizations development using the six capacity areas. This enables benchmarking of program performance based on credible and comparable data.

**Use Case #2** - Development Partners support national institutions to invest in shared data systems that enable benchmarking of program results and provide valuable information to potential business partners of agri-enterprises, such as financial service providers and buyers. These data systems also help strengthen the business case for investing in farmer organizations and Agri-SME programs.

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Do you have a use case for ISO 18716? AMEA wants to know about it and include it as part of this ongoing promotion of ISO 18716. Contact us at [info@ameaglobal.org](mailto:info@ameaglobal.org).

### **Resources**

ISO 18716 - <https://www.iso.org/standard/85377.html>

ISO 18716 primer video - [English](#), [Spanish](#) or [French](#).

Why ISO 18716 is critical for Food System Transformation – <https://youtu.be/INyyayUGIGQ>

Use benchmarked tools - <https://amea-global.com/toolbox/>.

Benchmark your own tools - [ISO 18716 mapping tool](#). Also available in French.

Invest in shared data initiatives such as those in [Benin](#) and [Uganda](#)

ISO 18716 booklet, Ministry of Agriculture Benin - [View & Download the booklet here](#).

Contribute to learning on BDS cost-effectiveness using standardized data - [ISF study](#) and [Ethiopia case study](#)

Contribute to National BDS Roadmaps - <https://amea-global.com/roadmaps/>

AMEA website resources - <https://amea-global.com/standards/>