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LIA-CS-06

LEARNING INTO ACTION CASE STUDY SERIES

FROM PRODUCERS TO SERVICE PROVIDERS

How PASDeR 3 has transformed agricultural unions in Benin

This case study documents the experience of the Rural Development Sector Support Programme, Phase 3 (PASDeR 3), funded by the Swiss Cooperation (SDC) and implemented by the Swisscontact-LARES[1] consortium. Deployed in the departments of Borgou, Alibori, Atacora and Donga, the programme aimed to transform agricultural unions from beneficiaries to agricultural and commercial service providers, through the development of business development services (BDS) adapted to the needs of smallholder family farms (SFF).

At program level, the results recorded over the period 2020-2025 are significant:

- 48,893 Smallholder Family Farms (SFFs) supported (30% of which are run by women);
- 159 viable business models developed;
- CHF 38.6 million (≈ USD 43.2 million) in additional revenue generated;
- 70,600 full-time equivalent (FTE) jobs created;
- 3,665 farms benefiting from agricultural financing;
- 21,964 farms more resilient to food insecurity.

As part of AMEA's Learning into Action (LiA) initiative, a complementary analysis deepened the understanding of the economic efficiency of the BDS model and its conditions for scaling. Experience confirms that the BDS model[2] is a structuring lever for developing more inclusive, resilient and market-based agricultural systems.

In this case study, PSOs refer to agricultural unions delivering services, SFF refers to supported agri-SMEs and producer organizations, and smallholder family farms are the primary beneficiaries of these services.

Key Findings

1. The average cost per sustained SFF is estimated at CHF 230, with an overall efficiency index of 0.81, indicating an overall controlled use of resources in relation to the observed effects. The BDS model has also contributed to strengthened local governance, better participation of women and youth, and resilience gains in targeted territories.

2. In this broader framework, AMEA's Learning into Action (LiA) initiative focused on a targeted sample of eight SFF (agri-SME and producer federations) to understand the impact and scalability at the enterprise level of PASDeR's BDS approach. These SFF companies operate mainly in the rice, cassava, milk, meat and mango value chains, and benefit from different combinations of infrastructure and advisory support.

1. Laboratory of Regional Analysis and Social Expertise
2. The term "BDS" (Organisation Socio-Professionnelle - Business Development Services) is used to refer to an integrated approach in which producer organizations (PSOs) are no longer only beneficiaries of technical support, but become themselves providers of market services for their members and partners. This model combines the provision of technical (advice, training), economic (access to finance, marketing) and institutional (governance, representation) services, helping to create an ecosystem of autonomous and sustainable agricultural services.

3. The quantitative analysis of these eight SFFS shows that the companies supported by the PASDeR generated a median return of USD 0.99 in additional revenue for every USD 1 invested in BDS, with an average return of USD 1.06 over the sample. The impacts on job creation were positive but uneven: the median SFF added 2 full-time jobs (FTEs), while the average was 7.38 FTEs due to higher job creation among a few top performers. Cost efficiency was highest in the cases of Angaradebou rice, Bori cassava, and Soubado cassava.

4. The financial structure of these interventions reveals both the potential and the constraints. Contributions remained low (1.24-3% of total support costs). At the same time, third-party contributions (from other projects or local actors) reached up to 31.22% in some livestock organizations.

Beyond the numbers, PASDeR 3 has brought about important qualitative changes. Rural organizations strengthened their governance: all boards and most executive committees held statutory meetings, enhancing transparency and accountability. More than 6,900 farms reported being satisfied with services such as herd management, processing and marketing support. My Husband's School approach and other gender-focused interventions contributed to an increase in the Women's Agricultural Empowerment Index from 0.37 to 0.44 between 2015 and 2024. Integrating conflict-sensitive planning and promoting climate-smart agriculture (CSA) and sustainable land management (SLM) has helped reduce agropastoral conflicts and improve ecological resilience.

BDS approach and implementation

A key innovation of PASDeR 3 was the transition from a purely subsidized support model to a market-oriented service model, where PSOs and SFF play a central role as BDS providers. Instead of being passive beneficiaries, these organizations are increasingly managing infrastructure, providing services, and facilitating market access.

Institutional set-up and partnerships

The BDS system was supported by a dense network of actors:

- Local PSOs (such as the Departmental Producers' Unions (UDP), the Departmental Unions of Professional Livestock Breeders' Organizations (UDOPER), and the National Federation of Mango Producers - FeNaProM) act as local hubs, coordinating the provision of services and managing economic infrastructure (processing units, storage facilities, livestock markets);

- Public structures (ATDA, DDAEP) provided technical expertise, supported certification processes and ensured alignment with public policies;

- Private partners and NGOs (e.g. VSF, Premium Rice, AGRIJOB) provided training, know-how and entrepreneurship support;

- The financing mechanism set up under the programme facilitated access to credit and supported the management and repayment mechanisms of loans.

Segmentation and inclusion

PASDeR has adopted a two-level segmentation:

- At the organizational level, PSOs and SFF were segmented by value chain (maize, rice, livestock, mango, etc.). More mature organizations could manage complex services and infrastructure, while others focused on basic aggregation and consulting functions;

- At the farm level, family farms (SFF) were grouped into geographical and thematic groups (e.g. around specific processing units or production basins), allowing for collective learning and economies of scale in service delivery.

Inclusion was explicitly addressed in the sense that:

- About 30% of management positions in PSOs and SFF were held by women;

- More than 1,000 young people participated in trainings on agricultural entrepreneurship and mechanization;

- Tools such as À l'École de mon Mari have strengthened internal dialogue within the home and women's decision-making power.

Co-financing and emerging business models

Services gradually moved from fully subsidized support to models where PSOs/SFF and beneficiaries co-financed certain activities. The PSOs have mobilized more than CHF 300,000 in internal resources through:

- Member contributions;

- User fees for infrastructure (processing, storage, livestock markets);

- Invoicing for BDS or marketing services.

However, for the eight SFF studies analyzed in depth, SME contributions remained below 3% of the total cost of BDS and investments. This suggests that, although a culture of contribution is emerging, dependence on donor funding remains significant, and that co-financing arrangements need to be strengthened.

Insights and Recommendations

Several key learnings stem from this experience and resonate with other LiA case studies such as:

1. **Performance differences across value chains are a primary driver of scalability.** Evidence from PASDeR 3 shows that cassava and rice enterprises, supported by stronger market demand, consistently achieve higher returns and clearer growth trajectories. In contrast, livestock and mango actors face more fragmented markets, higher operational risks, and weaker commercialization channels. This highlights the need for differentiated BDS approaches that are tailored to value chain dynamics, rather than standardized service delivery models.

2. **Value chain structure fundamentally shapes the effectiveness of BDS interventions.** Beyond performance differences, the PASDeR experience shows that outcomes are strongly influenced by the degree of market organization, buyer reliability, and product standardization within each value chain. More structured chains such as rice and cassava enable clearer aggregation, processing, and commercialization pathways, making BDS interventions more immediately effective. In contrast, less structured chains such as livestock and mango require stronger coordination, market development, and risk mitigation mechanisms. This implies that BDS design must be grounded in value chain diagnostics, with differentiated strategies that reflect market maturity, coordination needs, and commercialization constraints.

3. **Infrastructure investments alone do not generate results unless they are embedded within functional business models and continuous advisory support.** Evidence from PASDeR shows that the most cost-efficient enterprises were those where processing infrastructure was directly linked to reliable market outlets and supported by management capacity and business advisory. In contrast, underperformance was consistently associated with infrastructure that was underutilized, weakly governed, or disconnected from buyers. This indicates that performance gains are driven by the alignment between physical investments, market demand, and enterprise capabilities, rather than by infrastructure provision alone, highlighting that 'hardware' investments must be matched with 'software' capabilities to generate sustained returns.

4. **Co-financing remains the most critical structural constraint to the sustainability of the model.** Despite the gradual introduction of contributions and service fees, most supported enterprises continue to rely heavily on donor funding, with limited internal capital mobilization. Evidence shows that higher levels of financing are only achieved in cases where strong ecosystem linkages exist, particularly with local governments or complementary programs. This suggests that sustainable financing will depend less on individual enterprise contributions and more on coordinated, ecosystem-level financing mechanisms, combined with clearer value propositions and incentives for cost-sharing.

5 **The PASDeR experience demonstrates that locally anchored BDS systems can achieve cost-efficiency and operational viability but remain structurally dependent on external financing - limiting their scalability under current conditions.** While core service delivery functions are working, the transition toward fully market-based models is incomplete. This creates a critical gap between operational success and system-level sustainability: without clearer pricing strategies, stronger value propositions, and embedded risk-sharing mechanisms, the model will struggle to sustain and expand beyond project support.

6 **Scaling the model will require formal recognition and structuring of PSOs and EFPS as service providers within national systems.** This includes developing certification frameworks, aligning with public advisory and procurement mechanisms, and clarifying roles across actors. Institutionalization is a prerequisite for scaling beyond project boundaries and ensuring continuity of services.

7 **Strengthening governance and financial management at the enterprise and federation level is essential to unlock co-investment.** Transparent reporting, clearer cost structures, and improved operational management are necessary to build trust with financial institutions and private partners. Without these foundations, efforts to mobilize blended finance or private capital will remain limited.

8 **Future scaling efforts should prioritize hybrid financing models that combine public incentives, donor funding, and private contributions.** Performance-based grants, matching mechanisms, and risk-sharing instruments can gradually shift financial responsibility toward local actors while maintaining incentives for service uptake and investment.

Finally, PASDeR 3 confirms that professionalized rural organizations can act as effective intermediaries in agricultural service markets, contributing to economic growth, social inclusion, and institutional strengthening. However, scaling this model across West Africa will require sharper focus on value chain-specific strategies, stronger co-financing structures, and deeper ecosystem partnerships. The model's potential lies not only in its design, but in its ability to adapt to value chain dynamics, mobilize co-investment, and operate within functioning local market systems.

How we calculate BDS Cost Effectiveness

Using the standardized AMEA BDS Economics tool, the following indicators were calculated:

- ROI (Δ Revenue/Cost): median: 0.99 mean: 1.06 For every dollar invested in BDS and associated support, the median of the units analyzed generated $0.99 in additional revenue, and the average across the sample was $1.06;
- FTE creation: Median: 2 additional FTEs per SFF; Average: 7.38 FTEs on the sample. Job creation was positive but concentrated in a few high-performing SFFs.
- Cost-sharing: contributions from beneficiaries: 1.24% to 3% of the total cost; Third-party contributions: up to 31.22%, especially in breeding organizations. This indicates a low level of direct co-investment by SMEs (beneficiary actors), but a potential for leverage by external actors.