



# STRENGTHENING BUSINESS SUPPORT SERVICES FOR AGRIBUSINESS PARTNERSHIPS

*Insights from 2SCALE*

Thematic Paper

2SCALE Consortium

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A woman with a warm smile is the central figure, wearing a large, light-brown woven hat and a dark blue denim jacket. She is holding two ripe pineapples, one in each hand, amidst a field of tall, green, spiky plants. The background is a lush, green landscape with more vegetation and a tree bearing small green fruits.

The Netherlands-funded 2SCALE program is an incubator for inclusive agribusiness that aims to improve rural livelihoods and food and nutrition security across nine sub-Saharan countries. 2SCALE offers a range of support services to private partners - companies and farmer groups - enabling them to produce, transform, and supply quality food products to local, national, and regional end-user markets, including base-of-the-pyramid (low-income) consumers.

“Strengthening Business Support Services for Agribusiness Partnerships” is the second in a series of 2SCALE thematic papers.

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## ACRONYMS

2SCALE	Toward Sustainable Clusters in Agribusiness Through Learning in Entrepreneurship
ABC	Agribusiness Cluster
BDP	Business Development Fora
BoPInc	Base of the Pyramid Innovation Center
BS	Business Support
BSS	Business Support Service
CASE	Competitive Agricultural Systems and Enterprises

CS	Capacity Strengthening
PO(s)	Producers' Organization(s)
ICRA	International Centre for development oriented Research in Agriculture
IFDC	International Fertilizer Development Center
PPP	Public-Private Partnership
SME(s)	Small and Medium Enterprise(s)
VC	Value Chain

# 1 INTRODUCTION

ABCs stimulate innovation and change through collective learning. As pictured here, the input supplier (on the left) no longer sells just seed, but stimulates joint learning by sharing knowledge and good agricultural practices to farmers (on the right).



Inclusive agribusiness will play a critical role in the coming decades: not only to feed 9 billion people by 2050, but also to create job opportunities and improve livelihoods for those currently least integrated into national, regional and global economic channels.

An **inclusive agribusiness** is a for-profit business initiative in the agro-food sector that contributes to poverty reduction, as it explicitly aims to integrate low-income and disempowered individuals into its value chain, either as: producers of agricultural commodities (smallholder farmers); processors, traders and suppliers of agro-inputs or services (small and medium enterprises; SMEs); workers (e.g. in an agro-processing company); food-product distributors; or food consumers.<sup>1</sup> Inclusive agribusiness is not “business as usual”; it requires business partners to work together on equal terms, for mutual benefits and involves specific approaches to lay solid foundations for inclusive, commercially viable and financially sustainable business models.

The Dutch-funded 2SCALE project (“Toward Sustainable Clusters in Agribusiness through Learning in Entrepreneurship”) is one of the largest incubators of inclusive agribusiness in sub-Saharan Africa. The program started in June 2012 and currently manages a portfolio of 52 commodity-based **public-private partnerships (PPPs)** that accelerate inclusive business in agro-food sectors and industries. Some of these PPPs started with a business idea initiated by a local “champion,” most often a local producers’ organisation (PO), local trader or processing firm (small and medium enterprises, SMEs). Other PPPs were started by a larger-scale (national or multi-national) company, called “lead firm,” seeking to source raw material from smallholder farmers.

2SCALE field teams connect such local champions and lead firms to other local actors. As such, local networks of interconnected stakeholders around a particular commodity within a particular area are formed and constitute **agribusiness clusters (ABCs)**. In principle, each partnership deals with a specific commodity and groups multiple (1 to 40) ABCs, which include not only value chain partners (farmers, traders, processors) but also supporting actors: agro-input dealers, extension agents, banks, insurance companies, transporters or other service providers (see Figure 1). Most of the 2SCALE partnerships have a single lead firm as one of the main markets, whereas others are composed of ABCs servicing a variety of markets.

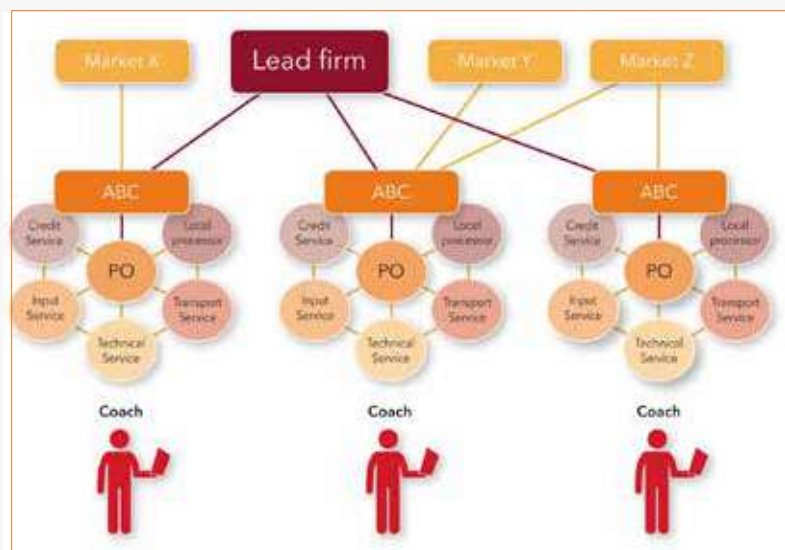


Figure 1 - Representation of the ABC set-up in value chain partnerships

<sup>1</sup> Adapted from the definition formulated by the World Business Council For Sustainable Development (WBCSD) in 2005.

ABCs are the key instrument through which 2SCALE improves coordination among these local business actors, nurtures collective learning and action and accelerates their integration in value chains and markets. ABCs are a network enabling accessibility of all essential elements – technology, organizational capacity, market information, credit, extension advice, etc. They also enable private parties to produce, transform and supply quality and affordable food products to local, regional and national end-user markets, including base of the pyramid (low-income) consumers. The 2SCALE program integrates the ABC set-up in all of its partnerships because of the following primary reasons:

1. ABCs promote continuous trust building and long-term business relationships. Too often, distrust and ad-hoc business relations tend to be the norm in value chains in emerging markets.
2. Improved trust between ABC actors, and collective selling of bulked produce and purchasing of inputs by collaborating farmer groups, allows for better access to input and output markets and reduced transaction costs.
3. ABCs stimulate innovation and change through collective learning. This enables farmers and SMEs to deliver more consistent volumes of better and fresher food products to specific markets.
4. Strong local networks and continuous collective learning allow ABC actors to sustain a competitive advantage over rivals and develop the ability to respond to changing market demands. Through ongoing entrepreneurial development, POs and SMEs become more resilient and adaptive toward changing circumstances, and more sustainable as they acquire a constant inflow of income.

2SCALE’s professional facilitators (called **partnership facilitators**) coordinate and supervise the work that is done within a partnerships and support involved actors to transform business ideas into thriving inclusive businesses along the value chain. The partnership facilitator coordinates the mobilization and training of smallholder farmer groups or POs, and the necessary brokering activities that link them to key value chain partners and business support actors.

At a local level in the value chain, network linkages do not emerge spontaneously. Fierce competition and distrust are often the norm. Smart and efficient collaboration and coordination require active support from a broker or intermediary. 2SCALE therefore appoints a **business support service (BSS)**, which brokers the local linkages and supports the continuous functioning of the ABC. This organization can be positioned inside (often a PO or food processor) or outside (often an NGO or consultancy firm) the ABC and delegate one of its staff members to be the **ABC coach**. These coaches are the ones delivering the actual business **support services (BS services)** to ABC actors. They train and coach POs, SMEs and other local business actors how to improve their mutual cooperation, strengthen their competitive strategies and earn a better living from their agribusiness endeavours. This is a

complex job and requires a comprehensive combination of skills and competences. Coaches that already have mastered all of these required skills and competences are not easily found at the local level. For this reason, 2SCALE’s approach includes a **capacity strengthening (CS)** process in which local-level ABC coaches are trained and mentored by professional **agribusiness trainers**. These 2SCALE trainers support the coaches according to a philosophy of interactive learning, and they themselves are in turn equipped and coached by the 2SCALE consortium partner ICRA. This CS model is summarised in Box 1, and explained further in Chapter 3.

In short, the creation of local ABCs and empowerment of ABC actors through BS services is the foundation to 2SCALE’s work. 2SCALE’s CS activities ultimately aim to improve the capacity of the different actors to partner with each other. 2SCALE sees this as fundamental to complement and enable capacity strengthening in production and business practice. It enables local actors to find solutions and business models that improve the functioning of value chains, increase profitability, encourage investment and contribute to inclusive growth.



Figure 2 - Actors involved in the CS model

## BOX 1 – KEY CONCEPTS

**Public-private partnership (PPP):** An arrangement (supported by 2SCALE) in which public and private actors agree to promote inclusive business in targeted value chains or commodities. 2SCALE operates through a portfolio of about 52 commodity-based partnerships. Some of these partnerships started with a business idea initiated by a local so-called “champion” (which is often a producers’ organisation [PO] or small and medium enterprises [SMEs]), to develop routes to the appropriate markets. Others were started by a larger-scale company seeking to source raw material from, or supply inputs to, smallholder farmers.

**Partnership facilitator:** Professional agents contracted full-time by the 2SCALE project to supervise 2SCALE support within a specific partnership and oversee partnership action plans.

**Agribusiness cluster (ABC):** A local network consisting of one or several group(s) of farmers, and interlinked enterprises – post-harvest managers, market agents, aggregators, processors – and support services such as input and credit providers and transporters. In principle, each 2SCALE partnership group contains multiple (1 to over 40) ABCs. 2SCALE’s focus on ABCs aims for the sustainable integration of smallholder farmers in value chains to promote better access to markets.

**Agribusiness cluster (ABC) coaches:** Local intermediaries who facilitate interactive learning between the different actors within the ABCs, leading to joint innovation. In principle, each ABC within a given partnership has a coach, although some coaches service more than one ABC in practice. Coaches organise technical training on “hard skills”: e.g., good

agricultural practices (GAPs), processing methods, etc. They also provide coaching on “soft skills” or “functional capacities”: e.g., brokering and building relationships, advising or developing networks. The coach can be an experienced practitioner from a contracted BSS, such as an extension service, a research organisation, NGO or consultancy; referred to here as “external” coaches (i.e., from outside the ABC). But to promote sustainability and to limit external costs, the coaches of about 70% of the partnerships are staff members of a PO or SME (trader or processor) who form part of the agribusiness cluster. In this case, we refer to them as “internal” coaches.

**Agribusiness trainer-mentors (trainers):** Professional ICRA associates contracted part-time to support the design, implementation and evaluation of capacity strengthening activities in 2SCALE as part of the yearly partnership action plans. The trainer develops and implements a yearly capacity strengthening plan for the ABCs within a specific value chain partnership. He or she also trains and mentors the associated ABC coaches. ICRA actively supports the trainers through its headquarters and regional capacity strengthening coordinators.

**The capacity strengthening (CS) model:** The CS plan consists of several “learning cycles.” Each cycle starts with a thematic training workshop for the ABC coaches within a given partnership. This is followed by a period when the trainers provide on-the-job support to coaches when they work with the stakeholders in their clusters during so called “field coaching sessions.” Finally, a “reflection session” is held by trainers and coaches to review successes and consolidate lessons learned. A trainer supports, on average, five to ten agribusiness coaches who can each be in close contact with one to three clusters.

Reflecting on its CS activities, 2SCALE has been challenged by the following issues and questions:

1. What is the effective contribution of CS to business changes at different levels?
2. What is the effect of CS activities on the competences of the ABC coaches?
3. How to ensure that the experience of the ABC coaches benefits the BSS who employ them?
4. How to mainstream the action learning process and sustainably embed the cost of the ABC coaches and BS services into the value chain?

These and other questions form the backbone of this thematic paper. After this introduction, key concepts and theory about BSS models in agricultural value chains are briefly reviewed in Chapter 2. Chapter 3 elaborates on the 2SCALE service delivery model, its methodology, overall process, original set-up and its evolution during the five years project life of 2SCALE. In Chapter 4, examples and outcomes of 2SCALE’s CS model are highlighted. These cases are selected from the portfolio of 52 partnerships facilitated by the 2SCALE program. A final Chapter 5 distills the key lessons learned.





# 2

## BUSINESS SUPPORT SERVICES IN AGRICULTURE VALUE CHAINS: KEY CONCEPTS AND MODELS





## 2.1 Background and context of business support services

What are business support (BS) services, and why are they relevant? These questions cannot be addressed without taking into account the changed dynamics in African agriculture in recent decades:

- State involvement in food markets has declined, giving way to the market as the mechanism to coordinate supply and demand. Markets, not production, increasingly drive agricultural development.
- The production, trade and consumption environment for agricultural products has become more dynamic and has evolved in unpredictable ways (e.g., due to rising energy costs, the push towards biofuels and climate change). Farmers often do not have guaranteed buyers and are often in doubt about how they will sell and what price they will receive for their produce.
- Changes in policy about the role of the public sector in agricultural extension have led to reductions in public spending on extension services. Extension services, once a public service, have been partly or wholly privatized. New private service providers have arisen to complement the shrinking government services and take advantage of the new opportunities in the sector.
- Knowledge, information and technologies are now increasingly being generated and diffused by the private sector (adapted from Wongtschowski et al., 2013).

Smallholder farmers are generally not in the position to deal with these changing dynamics. The new private service providers have only been able to reach a few, mostly commercial farmers. Individual smallholders rarely have the volume of output to attract buyers, and do not have the capital to invest in improved production, processing, storage, or hire business services. Although increased production and effective marketing are vital to food security and local development, many smallholders remain without the services they would need to market their output profitably (Wongtschowski et al., 2013). A crucial agricultural challenge is therefore to stimulate the development of business services and delivery mechanisms that are commercially viable and beneficial to more smallholder farmers and agro-food SMEs (van Bussel, 2015).

## 2.2 Defining business support services

Farmers and other local actors rely on two broad categories of services to make farming a business: (1) arrangement of tangible goods (seed, fertilizer, transport, storage facilities, equipment, cash, etc.) and (2) business-related support (technical and organizational advice, contacts and information). Most private organizations limit their support to the arrangement and supply of tangible items:

## BOX 2 – TYPES OF BUSINESS SUPPORT SERVICES

- **Production:** What to grow, how to grow it, what inputs to use, how to control pests and diseases, when and how to harvest; based on market-demand.
- **Post-production:** How to improve postharvest handling, processing, packaging, storage and distribution.
- **Business planning and marketing:** How and where to market produce and manage a business; develop business plans, negotiate contracts, manage finances, analyse costs and benefits, etc.
- **Organization:** How to organize farmers, govern and administer producer organizations, etc.
- **Finance:** Where to get finance, and how to pay for this.
- **Brokering:** How to comply with legal, regulatory and certification issues, link farmers' groups, broker deals between farmers and other actors in the chain.
- **Advocacy:** How to raise problems of value chain actors (farmers, processors, etc.) with local and national governments.

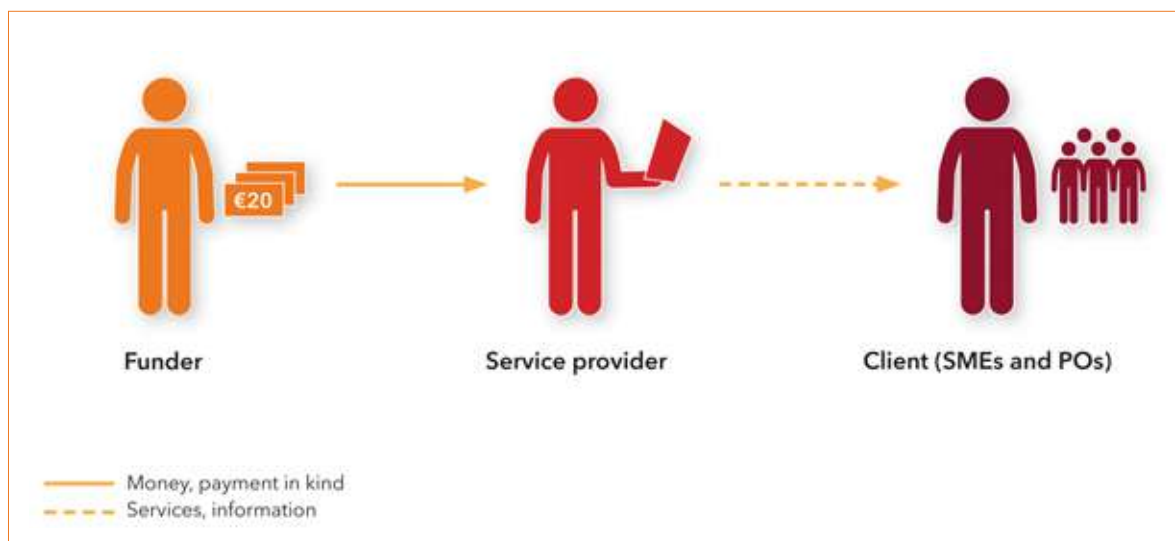
*Adapted from Wongtschowski et al., 2013*

banks and microfinance organizations provide credit and financial services; input suppliers sell fertilizer, seed and pesticides; equipment dealers sell tools and machinery, etc. In contrast, business-related support involving knowledge and skills training – the “software” rather than “hardware” – are much less available. It is now increasingly being recognised that these business services increase, directly or indirectly, the productivity of resource and input use. Within BS services, there is huge diversity (see Box 2).

## 2.3 Supply-and market-driven business support service delivery models

Over the last two decades, donor agencies have increasingly supported SME development in African countries, and have recognised the importance of BS services to help businesses identify and exploit market opportunities. Two main BS service delivery models have been deployed during this period: a more traditional supply-driven model and a more market-oriented demand-driven model (Kahan, 2011; UNDP, 2004).

BS services in the supply-driven model are often designed according to the agenda of the service delivering agency or their funding organization. In this model, the donor agencies provide funding or subsidies to service providers (both NGOs and private companies) that deliver BS services to clients (Figure 3). These services are mostly offered directly to individual SMEs or POs. Those businesses normally do not have the cash available to pay full costs and therefore subsidies are required. Donors and programmes providing subsidies have limited funds and come with application procedures that are costly and time-consuming. As a consequence, BS service providers started to offer their services in modules to break up the total cost. They also offer their services to groups to spread the costs over more businesses. Although this has worked partly, for example with generic training courses, many customer-tailored services cannot be offered this way (van Bussel, 2015). All in all, service providers in this model become dependent on subsidies and tend to regard themselves as being responsible to the donor, not the client. As a result, the services provided often do not meet clients' demands. Moreover, and as recognised by the donor community, the outreach and sustainability of these subsidised services are relatively low (Wongtschowski et al., 2013; UNDP, 2004).



*Figure 3 – Supply-driven service delivery model (adapted from Wongtschowski et al., 2013)*



The vision behind the market-driven model: BS services will be more targeted, effective and commercially viable.

BS services in the demand- or market-driven model (Figure 4) are based on the principle that the client pays. The model aims to create and develop a well-functioning market for service provision, in which the funding organization acts as a facilitator, providing support to both the service providers and the target clients. In this alternative approach, BS services are offered to SMEs and POs through a lead company in the supply chain. Instead of offering extension services directly to a farmer or a farmers' group, the service provider approaches their buyers, exporters or agro-processors (lead firms). Although the services remain the same – helping farmers to increase the quality and quantity of their produce – this model works on existing market linkages.

The vision behind the model is that the BS services will be more targeted, effective and commercially viable, benefitting:

1. the BS service suppliers (lead companies), because the BS services will be more relevant and better focused towards the market requirements, and thus positively affect product price, the volume or both.
2. the buyer of the BS service (SMEs, farmers' cooperatives), through increased consistency, quality, quantity and efficiency through which the cost of the services can be recouped.

3. individual farmers, who are more likely to apply what was taught as they have a ready buyer who paid for the service.
4. the BS service provider, who will benefit from the increased effectiveness, which will make it easier to sell the BS service again (van Bussel, 2015).

In recent years, there has been a shift from the first to the second model – but not everyone agrees with this change. Some feel that for agribusiness to develop in weak markets, it is necessary to keep subsidizing direct service delivery for a while and phase it out as markets develop. Others are sceptical about a gradual process and NGOs involvement, recommending private-sector solutions from the start. They focus on providing training and technical assistance to support suppliers (the lead companies), and temporarily linking their services to small enterprises. Even weak markets, they argue, are best developed by supporting local initiatives (Wongtschowski et al., 2013). This thematic paper hopes to contribute to the discussion about appropriate models of BSS, and the challenges of sustainability. It does this by presenting lessons learned within the 2SCALE context.

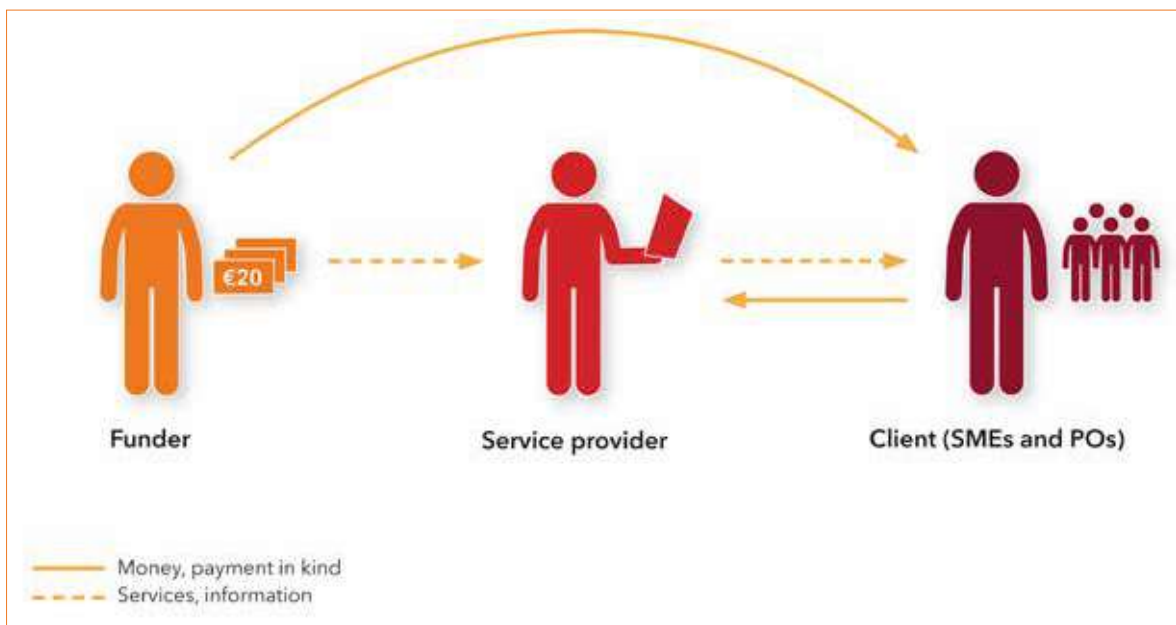


Figure 4 – Market-driven service delivery model (adapted from Wongtschowski et al., 2013)

A photograph of three women in traditional African clothing, including headwraps and shawls, standing in front of a wall with circular ventilation holes. They are looking at small amounts of grain held in their hands. The woman on the left wears a white headwrap with green patterns and a grey shawl. The woman in the middle wears a green shawl and a blue and white patterned headwrap. The woman on the right wears a yellow shawl and a blue headwrap. A large white number '3' is overlaid on a dark red background on the left side of the image.

# 3

## BUSINESS SUPPORT SERVICES IN 2SCALE: APPROACH AND METHODOLOGY



### 3.1 Rationale of 2SCALE's service delivery model

Many development programmes assume that if farmers can access improved technologies and finances, this will automatically improve their farming livelihoods. Through its work, 2SCALE has increasingly shown that smallholder farmers and related business actors also need a deeper understanding of how value chains and markets work, as well as strong local networks and business relationships. 2SCALE therefore focuses its CS activities on these themes, and uses the ABC set-up to realise them.

**Strong local business relationships** are key to better business results. 2SCALE strengthens both **horizontal linkages** (e.g., between farmers who are often the most vulnerable and least organised group of actors) and **vertical linkages** (between actors along the value chain, from producers to purchasers). In building these linkages, 2SCALE specifically addresses integration of youth and women and specific communities.

Horizontal relationship building among farmers through the organization of POs allows farmers to collectively buy agricultural inputs and equipment, negotiate better prices and lower interest rates for loans. Strong and trusting vertical business linkages between, e.g., producer and processor groups ensure product quality and longer-term market opportunities. The cases presented in Chapter 4 give examples of both of these types of linkages within 2SCALE.

The stories in Chapter 4 also show how training in **technical capacities** (e.g., GAPs) generally do not by themselves result in wide adoption and better business. Farmers also needed coaching on **business capacities** and **functional capacities**, such as how to analyse production costs, identify options for cost reduction and efficiency, develop plans for production, marketing and business, develop good business relations, negotiate with other players and negotiate contracts.

**Functional CS** is not only crucial at the individual level (of ABC actors), but also at the organisational level of POs and SMEs, as it leads to strengthened organisations. Such **organisational empowerment** can lead to improved access to market information and insights into market trends, which for example may allow POs to negotiate fairer and better deals with processing companies.

### 3.2 Assessing capacity needs

Each year, together with relevant stakeholders, the 2SCALE partnership facilitators support the development of an overall **partnership development plan** and **annual action plan** for each partnership. The first annual plan is largely based on the outcomes of a **Diagnosis and Design (D&D) workshop** during which business and support actors jointly analyze the value chain and identify technical, financial and organizational issues. This joint reflection helps actors to (1) understand each other's position and perceptions regarding the major issues, and (2) translate desired tensions and desired changes into a plan with actionable interventions and clear roles and responsibilities. The D&D workshop is generally the starting point of the

set-up of local level ABCs within the partnership and of the collective learning process, strengthening both technical and relational skills of all involved actors.

The overall cluster action plan includes different types of strategic interventions that address major bottlenecks in the chain, as identified in D&D workshops. These include support to local sourcing of goods or inputs, financial intermediation and technical training on production or processing, but also functional CS issues such as brokering and networking, relationship building, financial education, economic analysis and marketing. All the different CS issues are subject to a more in-depth needs assessment facilitated by the trainers and actively supported by ICRA's capacity strengthening coordinators, before a specific tailor-made **CS plan** for the partnership is developed. The CS action plan and the wider the wider action plan of which it is a part, are reviewed during a partnership **Review and Capitalisation (R&C) workshop** at the end of each annual implementation cycle. This workshop leads to new input and the refinement of the following annual action plans.

### 3.3 Implementing the Capacity Strengthening action plan

2SCALE has established a community of certified national agribusiness **trainers** (within 2SCALE referred to as "trainer-mentors," since the on-the-job mentoring of coaches in the field is key in their work, but for the

sake of simplicity "trainers" is used in this document). These trainers coordinate the implementation of the CS action plan (CS plan). They are supervised by partnership facilitators (who are in charge of the implementation of the overall action plan) and receive technical and methodological support from ICRA. The trainers' main task is to support local **ABC coaches**.

ABC coaches in turn support farmer groups and ABC actors in a variety of ways: developing networks, building relationships, developing business plans, negotiating prices and loans, reducing production costs, organizing collective storing and marketing and developing new products and brands, among others.

A CS plan generally covers a period of 8 to 10 months and comprises, on average, three to four learning cycles. Each learning cycle consists of the following three steps:

1. **A workshop** grouping the ABC coaches of a specific value chain partnership to introduce new concepts, tools, ideas and principles around a specific theme. At the end of the workshop, the terms of reference for a specific field assignment are developed for each coach.
2. **Field coaching sessions**, where the ABC coaches use their newly acquired competences to coach their respective ABC actors. Typically, the trainer also joins at least one such coaching session in the field to mentor the coaches.
3. **A review and reflection session** with all ABC coaches to review experiences and draw lessons for the next learning cycle. In practice, this session is immediately followed by the introduction workshop of the following learning cycle.

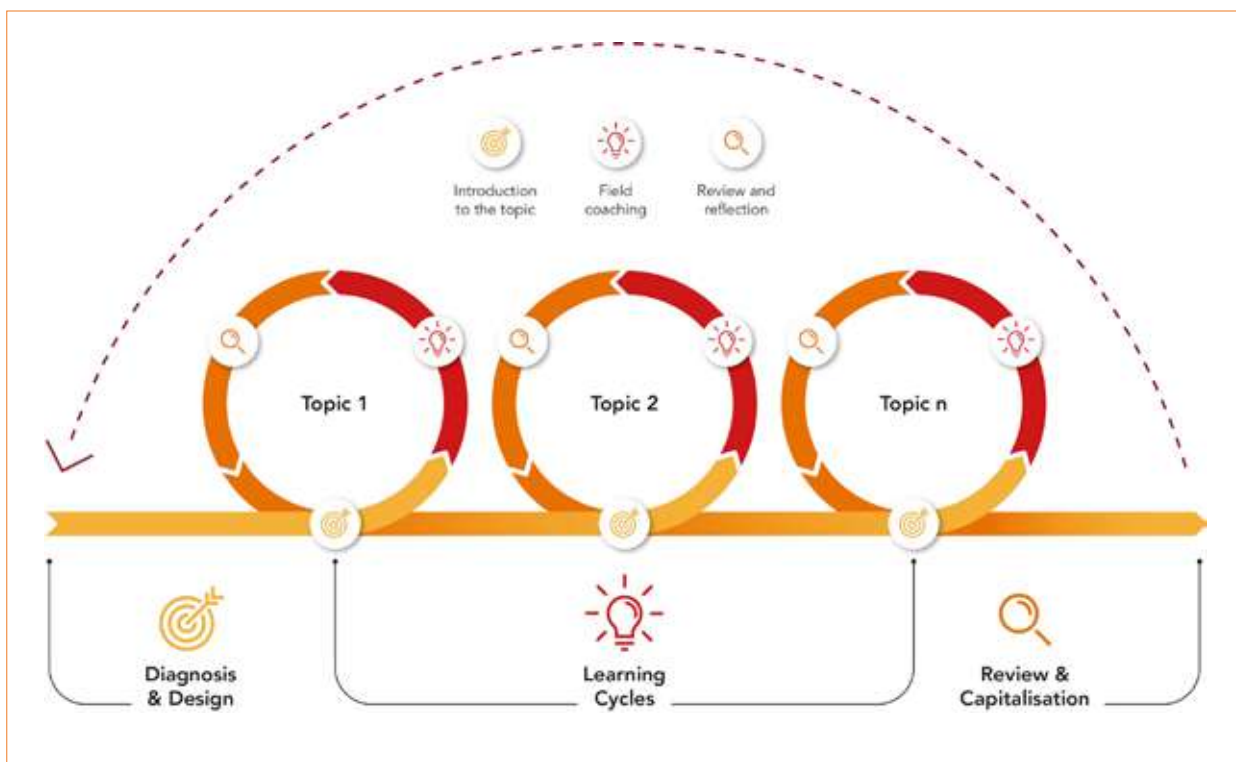


Figure 5 - Representation of the 2SCALE CS model as developed by ICRA

## 3.4 Iterative and experiential learning at cluster level

For each learning cycle with the ABC coaches and their ABC actors, ICRA has developed tailor-made and gender-sensitive learning modules comprising of facilitators' guides, exercises, case studies, educational videos and reference sheets. These modules cover a range of learning topics (see Box 3). Some modules focus on interaction between cluster actors, covering topics such as competitive playing fields, building business relationships, negotiation and contract development. Others focus on issues specific to one of the partners (mostly farmer groups), such as business plan development, calculating cost of production or market prospecting.

### BOX 3 – ABC LEARNING MODULES DEVELOPED BY ICRA

1. Introduction to the CASE approach
2. Financial education
3. Building business relationships
4. Introduction to marketing for agricultural products
5. Economics analysis and crop budgeting
6. Developing a business plan
7. Warrantage of agricultural products
8. Negotiation and contracting
9. Supporting rural organisations
10. Brokering in value chain partnerships
11. Marketing planning of agricultural products
12. Prospecting the market
13. Marketing promotion

The 2SCALE approach to learning is based on the following principles:

- ABC actors must control the learning, development and innovation processes in which they are involved. Facilitation must build on what people already know and what they want or need to learn. The modules are designed to build on participants' experiences, and during coaching sessions ABC members' input and experiences are treated respectfully. Trust-building is essential and given high priority.
- Learning to innovate is an interactive social process. The coaching and training sessions provide opportunities for participants to discuss and learn from each other. Facilitation is carried out in a spirit of inclusion and invites openness among participants to learn.
- Learning is an active, experiential process, achieved through iterative planning and reflection cycles.

- Learning must be linked to experience, put new concepts and tools into practice, reflect on the use of new tools and practices and continuously allow their adaptation where needed.
- Learning needs to be tailor-made to stimulate innovation. Learning approaches combine hands-on field work with structured learning workshops. The workshop modules and content should be designed and based on past experiences with the particular value chain and the specific needs of ABC actors.
- Women have equitable access to learning sessions and learning resources. Facilitation of learning, therefore, entails adapting certain practical arrangements (timing, venue, etc.), changing the content of coaching and training sessions and setting other potential affirmative measures.

Based on these principles, the emphasis in the 2SCALE approach is on facilitating and coaching ABC actors to jointly solve concrete business issues. The trainers and ABC coaches must ensure that the outcomes of the coaching sessions effectively lead to action. The case examples in Chapter 4 show this process.

## 3.5 Actors involved at cluster level

2SCALE's CS model involves four main types of actors at ABC level: clients, BS services and funders (see Figure 6).

1. **Clients** are of two major types. Firstly, there are the ABC actors: farmers, POs, SMEs, local traders, business support actors (transporters, finance institutions, input providers, technical service providers) and others. Secondly, there are higher-level (beyond cluster) actors: mainly aggregators or national processors who are often referred to as "lead firms."
2. **BSSs** include governmental extension agencies, NGOs, research departments or enterprises that are part of the ABC (a PO, food processor or aggregator). Some ABC coaches, being staff members of the BSS, are therefore strongly affiliated to an external organization and hence more "neutral", whereas others are more associated with one of the internal ABC actors (and hence more directed by the interests of this particular actor). The trainers, who provide supervision, mentoring and back-up services to the ABC coaches, can also be seen as service providers.
3. **Trainers** provide supervision, mentoring and back-up services to the ABC coaches and training organisations can also be seen as service providers
4. **Funders** are the organisations that pay for the BS services. In most cases, the 2SCALE project has paid the operational costs of these services via direct payment to the BSS and training organizations. Some of these costs are shared through private sector contributions. The services and financial arrangements are agreed upon with the partners as part of the annual development plans.

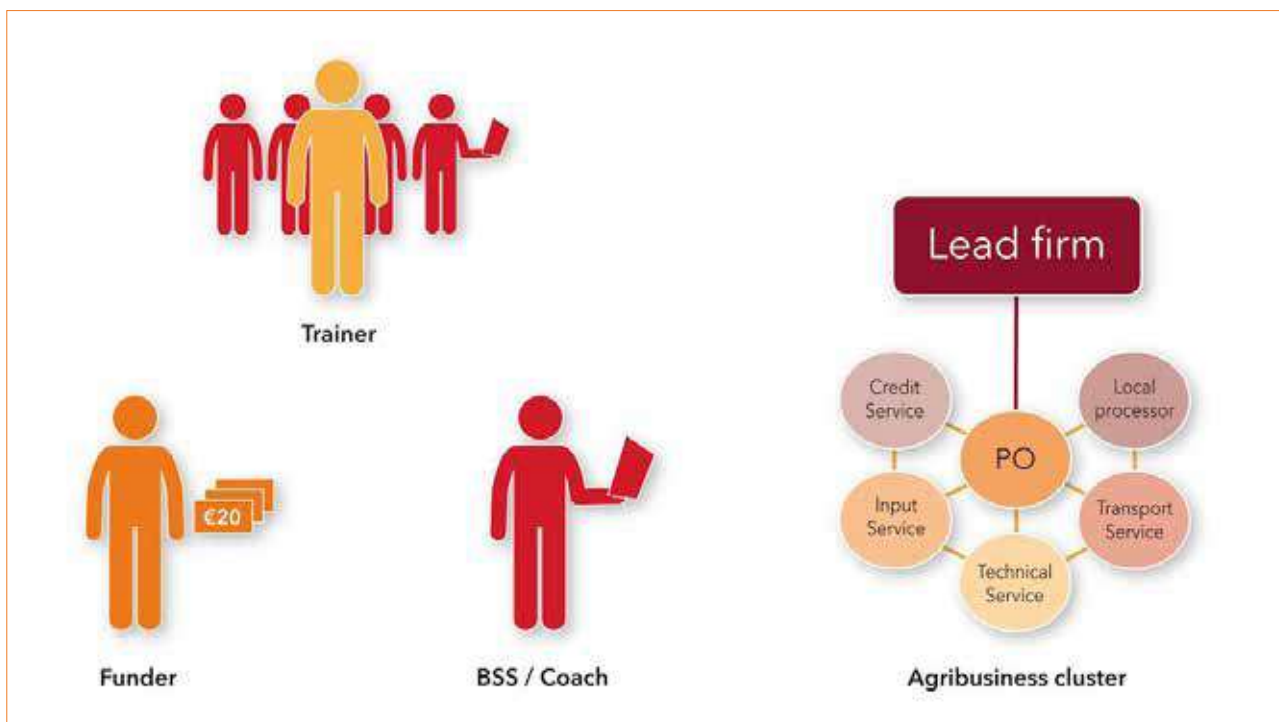


Figure 6 - Main actors involved at the ABC level

### 3.6 Selection of BSSs and ABC coaches

The selection of the BSS has been the responsibility of the ABC actors, with the champion or lead firm taking the lead in this process with the support of the partnership facilitator. Selection is based on the vision and mission, operational areas, areas of expertise and achievements of the BSS, as well as their position (internal or external) vis-à-vis the ABC actors.

The BSS then generally selects and appoints the coaches at the level of each ABC. These coaches can be either **external** (when they are a staff member or contracted by the independent BSS) or **internal** when they are a staff member or affiliated with one of the ABC parties. In the case of internal coaches, it is often the business actors themselves who select the coach and not the externally contracted BSS. Either way, the job of an ABC coach is complex and requires a comprehensive and diverse set of skills and competences. A coach should have the capacity to listen, observe, ask the right questions, stimulate analysis and reflection, resolve conflicts and be a strong facilitator with a neutral attitude. He or she should not push actors in a certain direction, as solutions should come from the ABC actors themselves. As a facilitator, the coach must be a strong communicator, service oriented, innovative in multi-actor decision making processes and able to capture experiences of ABC actors and translate them into concrete action. In addition, the coaches are expected to be gender-sensitive in their work activities and must stimulate gender mainstreaming in local

agribusiness partnerships. The coach should therefore have the right educational background, experiences, proven competence, availability and live near the location of the ABC.

These are the key criteria for coach selection by BSS staff members. In almost all cases the capacities of ABC coaches need to be strengthened so that they can fully play their roles and fulfil their responsibilities within their appointed ABC.

Because of their initial limited competences, 2SCALE designs CS plans in such a way that coaches receive hands-on guidance (mentoring) and back-up support (during ABC field coaching sessions) from 2SCALE's trainers. This learning-by-doing (introduced in Chapter 3.3) is supported by an assessment and certification process of the coaches.

### 3.7 Assessing and certifying ABC coaches

2SCALE's CS activities not only aim to impact the ABC actors and their businesses, they also aim to improve the capacity and functioning of the coaches so they can sustain impact or support new value chain partnerships beyond the 2SCALE project. The capacity strengthening of coaches is supported by a **certification process**, which comprises two components: performance evaluation and performance assessment.



**Performance evaluation** is a process that is fully integrated in the CS plans and monitors the quality of the BS services during implementation of each step of the CS plan. During the introductory workshops, coaching back-up and review and reflection session, the trainers score the coach's performance at a 1-5 scale on indicators like: quality of preparation of coaching sessions, quality of the facilitation, use of facilitation tools and methods, understanding and effective treatment of business issues, focus on new ideas and possible solutions, the appreciation of the coaching session by cluster actors and the integration of gender-sensitiveness in all these previous aspects. The scoring is supplemented with a narrative description of the strong elements of the coach's performance, progressions and action points for improvement.

The **performance assessment for development** of a coach takes place at the beginning and end of the implementation of the CS plan aiming to identify domains for improvement – rather than judging performance. The performance assessment reviews:

1. **The position of the coach** (internal or external, number of years employed at the BSS, percentage of worktime spent with cluster actors, proximity to the cluster and the influence of his/her position on the efficiency of work activities).

2. **The characteristics and qualifications of the coach** (e.g., integrity, neutrality, empathy, participatory mind-set, leadership).
3. **The competences and skills of the coach** (e.g., communication and information sharing, relationship building, pioneering of innovative ideas. See Figure 7).

As part of the assessment, each coach develops a personal competence development plan, identifying three key competences that need further development. For each competence identified, the coach describes the related challenges, future actions as well as the kind of support he/she expects to receive.

Coaches who reach a given standard receive a certificate with their overall score and a narrative description of their performance and recommendations. The certificates are given to the BSS that employs the coach, with an accompanying note about the performance of other coaches who have yet to reach the required standard.

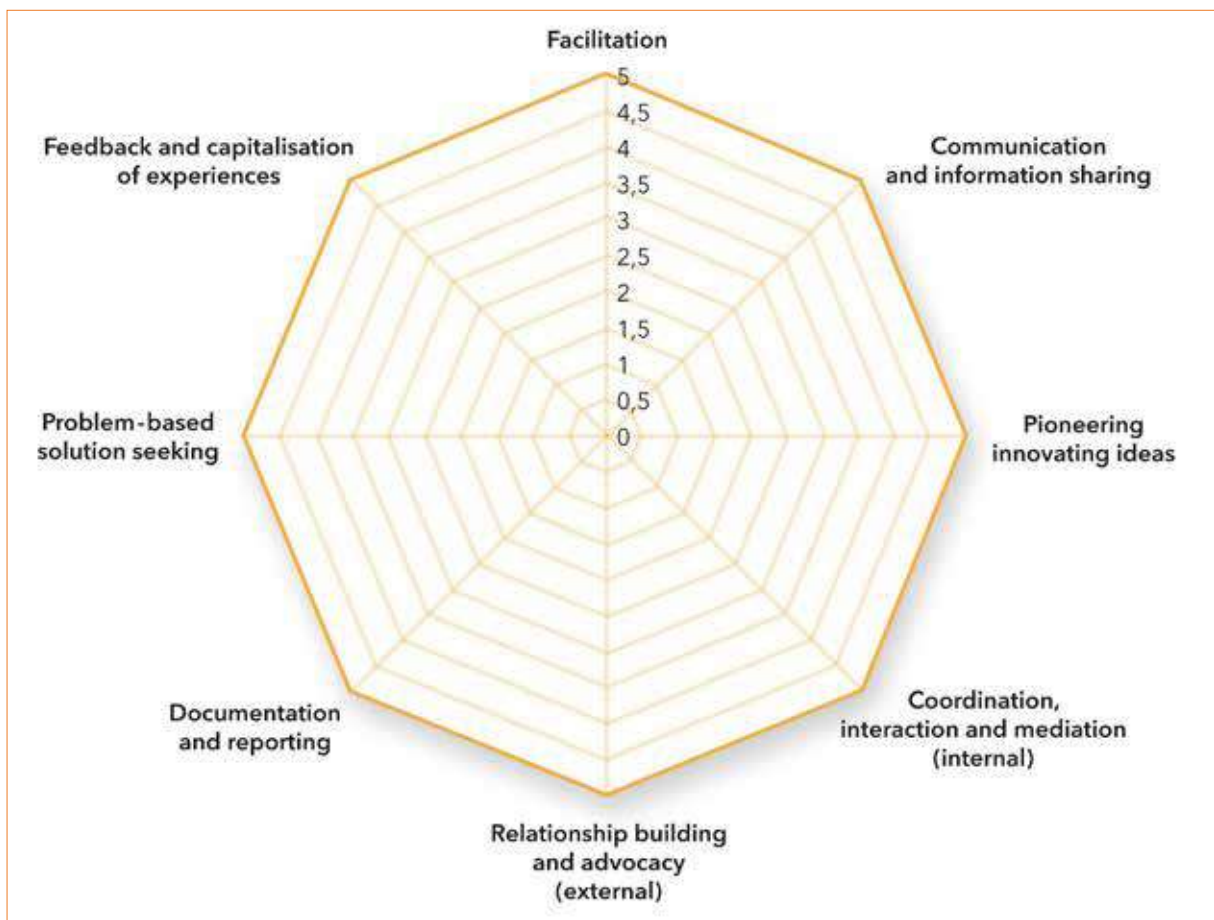


Figure 7 - The coaches' competences and skills score card



Project staff visit a learning plot on improved sorghum seeds, in Tapoki village in northwestern Nigeria.

### 3.8 Assessing support service providers

The ABC coach generally does not operate as an individual but is associated to a BSS, be it an external professional service providing organisation or (unit of) an internal partnership member or cluster actor. 2SCALE therefore also assesses the capacity of the BSS as an organisation. The overall objective of this **participatory assessment for development (PASS4Dev)** is to contribute to the professionalization of the BSS that is involved in the 2SCALE framework.

The BSS assessment aims to discover to what extent the BSS is interested or capable to adopt a participatory learning-by-doing approach in supporting ABCs and multi-stakeholder processes. The key lies in determining future expectations: how will the BSS continue the 2SCALE approach to training and learning once the project is over? Is the BSS currently learning from the coaches that are active in his/her organisation, and able to create an enabling environment for coaches in the future? This is particularly important as 2SCALE aims to integrate functional CS in the partnerships it is involved in, as well as value chain partnerships beyond the scope of the 2SCALE project. More specifically, a PASS4Dev involves:

1. A brief review of the functioning and set-up of the organization.
2. An assessment of the functioning of the organization within 2SCALE; mainly through the activities of their coach(es) that operate within one of the 2SCALE partnerships.
3. A review of the relationship between the organization and their coaches.
4. Awareness raising on the relevance of functional CS and assessing the interest of the BSS to operate

along the lines of functional CS beyond 2SCALE in other value chains and markets.

5. Support on the design and development of future plans to professionalise and embed BS services.
6. Support on how to monitor the process of professionalization and capitalise on lessons learned.
7. Attention paid to youth- and gender-related business issues.

This assessment is not just to score the organization, but rather to address how it can professionalise its BS services as an organisation.

### 3.9 Learning at partnership level through business development fora

Apart from the learning cycles at ABC level, 2SCALE facilitates learning at the broader value chain level if identified as required for the further improvement and sustainability of the value chain functioning. In these cases, business development fora (BDF) are organised. BDF aim to facilitate interactive learning among VC partnership actors on broader or more structural issues that affect all ABCs, or need resolution at the broader partnership level, and usually take place at a more mature development level of the value chain. Compared to the ABC learning cycles and coaching sessions, the BDF are typically short meetings or workshops, facilitated by a 2SCALE trainer, supported by ICRA. The topics addressed can be quite complex and sensitive. These workshops therefore require careful preparation and should involve the trainers and partnership facilitators that are active in the respective partnership.

In 2SCALE, BDF workshops have been organized on the following topics:

- Apex Farmer “Associations.” Local farmer or processing groups often conclude that a higher-level association (or apex body) could solve their issues. These local groups may find it challenging to communicate and coordinate their business activities with other peer-groups, or achieve farmer representation at broader value chain level meetings (where several different producer groups may be involved).
- Multi-Actor (commodity-based) “Innovation Platforms.” In the partnership building process, there may also be a need for local clusters to scale-up activities or to coordinate the different stakeholders at a higher-level in the value chain. This often requires actors to develop new strategies and adopt new ways of working.
- Loyalty. Loyalty has been a recurrent issue in business relationships in several partnerships.

Typically, lead firms accuse farmers of “side-selling” produce to local markets or traders instead of to them, even where there is no (written) pre-agreed contractual arrangement concerning purchase and supply. Expectations and interpretations of the importance of such agreements often differ between business actors, or are not clear. This issue can jeopardize the sustainability or competitiveness of the partnership. Where perspectives and interests differ, simple solutions such as trying to legally enforce contracts often do not work. 2SCALE has sought to resolve these issues in a social and interactive manner, through developing a mutual understanding of the diverse perspectives of different stakeholders. In this way, it is usually possible to find other ways of improving business arrangements and loyalty among the different business partners. The Sesame-Mali case in Chapter 4 illustrates this process.



A group photo of sesame partnership actors at the end of a Business Development Forum facilitated by ICRA in Fana, Mali.



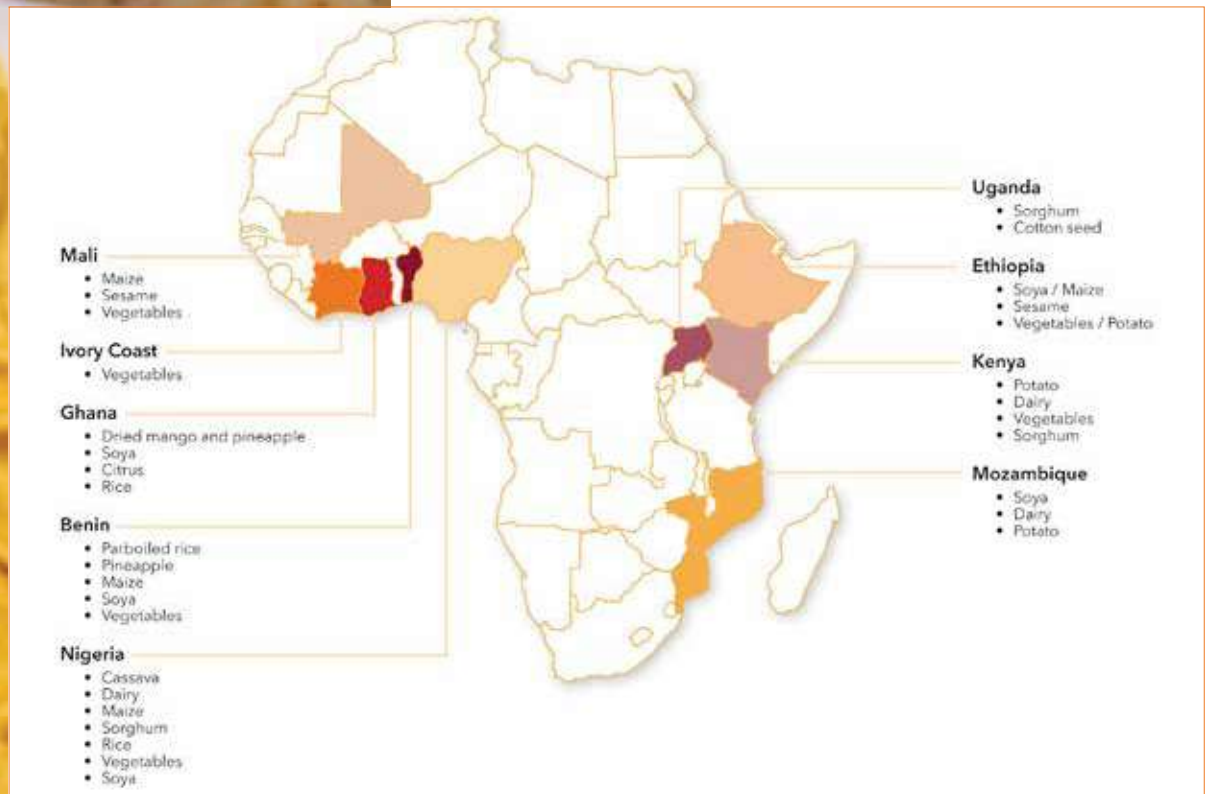
# 4

## OUTCOMES OF CAPACITY STRENGTHENING ACTIVITIES: CHANGES AND BEST PRACTICES



Capacity Strengthening (CS) activities within 2SCALE have been concentrated on the larger and more complex project partnerships in both East and West Africa (32 of the total of 52 partnerships, see Figure 8). This section focusses mainly on outcomes of the activities in West Africa, as these have been extensively documented at regional review and capitalisation workshops in 2015 and 2017 involving both trainers and partnership facilitators from the region (Defoer et. al, 2016 and 2017).

In West Africa, CS activities took place within 20 value chain partnerships in Benin, Ghana, Mali, Nigeria and Côte d'Ivoire, involving 160 ABCs and over 200 ABC coaches (including about 7% female coaches).<sup>2</sup> About 70% of these coaches were 'internal'; most belonging to a local or second-level (apex) farmer organisation. The other 30% of "external" coaches were associated with an external BSS, mostly NGOs. In 2016, for example, the ABC coaches together delivered more than 600 field coaching sessions involving more than 9,000 ABC actors. A group of 20 agribusiness trainers and assistants (including four female trainers), in turn, delivered 60 tailored training workshops during the 2016-2017 season to equip and mentor these coaches.



In all the different West-African partnerships, major changes resulting from the CS activities have been observed. In this chapter we give examples of these changes. Sections 4.1 to 4.3 illustrate improvements in local business operations. Section 4.4 elaborates on the effect of 2SCALE's service delivery model on the capacity and competences of ABC coaches. Finally, section 4.5 looks at the embedding of ABC coaches and BS services in value chains. We illustrate the changes by using real field stories that have been developed in a short stories booklet (Salim, et. al, 2017).

<sup>2</sup> There are more coaches than ABCs due to the fact that in some ABCs both an internal and external coach work hand-in-hand for a period of time. Some ABCs are also supported by an extra assistant coach.



## 4.1 Improvements at production and management level of POs and SMEs

2SCALE has observed many changes in the production activities of farmers and processing activities of food processing SMEs. But technical improvements were clearly not enough to make the change, and 2SCALE therefore also promoted improvements at management level and strengthened horizontal (intra-actor; farmer-farmer or processor-processor) linkages within ABCs. These changes are illustrated in Case 1 (sorghum in Nigeria) and Case 2 (parboiled rice in Benin).

### Case 1: Sorghum in Nigeria

#### *The pricing battle*

It was two years ago, on another Thursday – market day in Bebeji, North Central zone of Nigeria – when Danliti was on the road for a 84 km drive to Bebeji’s market. Danliti would normally sell his sorghum here, because there were no buyers in the town where he lives. As the truck turned the last bend to approach the Bebeji market, Danliti wondered if there would be another “battle” with the middlemen at the market. His mind drifted remembering the year when he had to store his sorghum in Bebeji for another four weeks. He would decide to do this rather than accepting the ridiculous prices offered by the middlemen. More often he thought this could be the last time he produced sorghum. However, Danliti did not give up, and his tenacity has served him well as new market opportunities arose for farmers like him. As a response to market needs, the Sorghum and Millet in the Sahel (SMS)<sup>3</sup> project was established and started supporting smallholders in the North Central zone of Nigeria to improve their agricultural productivity and set up structured agribusiness channels with cereal-processors, such as Nestlé.

#### *Coaching farmers to get organised*

Through the coaching activities of 2SCALE, the sorghum farmers learned about the need to organise themselves better. While the availability of a market triggered the formation of farmers’ groups, the coaching sessions are what led to the actual set-up and registration of 45 farmers’ cooperative societies (with 1,195 farmers), out of which 17 are run by (285) women farmers. Later, the cooperatives joined together to form three smallholder farmers’ umbrella organisations. Farmers came to understand that some of the middlemen had been able to cheat them in the past because they were all coming to the market as individuals with little power to negotiate.

Further coaching on economic analysis by 2SCALE helped farmers calculate and realise their actual production cost of a (75 kg) bag of sorghum, which turned out to be 7,500 Naira (about €20). This knowledge even further strengthened their negotiations with off-takers and establish written supply arrangements.



One of the 1,995 farmers benefiting from the new market opportunities for sorghum production in the North Central zone of Nigeria.

#### *Farmers more confident about quality*

The coaching sessions have led to farmers becoming much more confident about their position and the quality of their product. This especially had a strong impact on women producers. One example of this can be found in Mrs. Hanna Musa. Prior to the coaching, she had been too shy to speak up during negotiations on Nestlé’s terms of delivery and payment. Through the coaching services, she however gradually grew into her role as leader. As such she was able to speak up for a group of farmers that needed cash immediately upon delivery – and moreover needed inputs, mostly improved seeds. Hanna was able to strike a deal with the aggregator who would make a 50% advance payment to meet the needs of these smallholder farmers. This success story spread across the three umbrella organisations, and more smallholders are pleading for the same arrangement.

### Case 2: Parboiled rice in Benin

#### *From individual rice parboilers to organised SMEs*

In the past, consumption of rice in Benin was a luxury for rural families who had low purchasing power. Rice was reserved for festive meals. Because of the low quality of local rice, those who could afford it would buy imported rice. Despite the many development projects supporting local actors of the rice sector, this situation did not improve. The increasing number of rural women active in the parboiled rice value chain for a long time maintained a secondary role in the different local rice markets. Under

<sup>3</sup> This sorghum partnership is not part of the 2SCALE programme, but of the SMS project, funded by the BMG foundation. The SMS project uses 2SCALE’s methodology and capacity strengthening approach and involves 2SCALE trainers.

2SCALE, the women have now organised themselves into associations such as Anti sua (meaning: take care of yourself) and Mialébouni (taking good care of rice) to collectively produce and process rice. As Djibril Biba, the president of Anti sua says: “Together we are stronger”.

#### *New skills, improved quality, new markets*

Comparing the parboiled rice produced by Anti sua and Mialébouni with the local rice sold five years ago, the difference is like night and day. The womens’ groups have acquired skills in new parboiling techniques, brand development, negotiation with other actors and traders and prospection of the markets, among others. These improved technical and soft skills have contributed to a new and better product. Thanks to their shared view and business perception, Anti sua has consolidated their business relations through economically viable contracts with Nigerian traders of parboiled rice and have thereby extended their marketing channels. Mialébouni took another approach to extend marketing options: they negotiated a fair price for a part of their parboiled rice with the company (Entreprise de Service et Organisation de Producteurs, ESOP), which further processes and markets the product under its own brand, Délice. In both cases, the women have become more professional actors in the value chain. Women parboilers who were previously employed as “workers” have now become full-fledged entrepreneurs.

#### **Key outcomes**

As these cases illustrate, key observed changes at production and management level of POs and food processing SMEs include:

- Improved know-how among farmers on production-costs structures and agricultural practices (e.g., use

of quality seed, inoculum, fertiliser and methods for pest and disease control), resulting in improved quality and predictability of farmers’ supply of produce.

- Improved processing techniques, brand development, product promotion and reduced production costs, resulting in SMEs delivering better quality, more attractive and affordable food products.
- Improved coordination through the establishment of POs and (women) processing associations that become formally registered.
- Improved confidence, particularly in women farmers and processors, to participate in business.
- Collective purchasing of inputs and bulk marketing of outputs.
- Increased coordination, joint action over credit and improved negotiation skills.
- New initiatives for structuring at higher levels (APEX organisations; see also the Cassava Nigeria case in paragraph 4.2).

## 4.2 Developing local agribusiness networks

The establishment of local ABCs has been 2SCALE’s foundation to deliver BS services. As the following cases illustrate, the CS activities and brokering of vertical (inter-actor) linkages play a key role in the improvement of local business operations.



### Case 3: Pineapples in Benin

#### *9 ABCs, 3,600 pineapple farmers*

This value chain partnership is led by Promo Fruits, an enterprise processing pineapple into juice, which was looking to increase its sourcing of fresh pineapples from local smallholder farmers to expand its market to several other West African countries. 2SCALE supported Promo Fruits by organising different farmer groups in 9 ABCs including 3,600 farmers (of which 1,600 are women) and about 7,000 labourers.

#### *Concrete benefits*

The coaching sessions facilitated by 2SCALE's ABC coaches led to better coordination between the involved actors. Promo Fruits for example started to provide farmers directives on when to induce pineapple flowering, so farmers take account of their neighbours' production calendar. This has the benefit that the processor can plan and obtain a regular supply of pineapples. The coaches have also been supporting the farmers technically for several years. Through the use of plastic sheets that cover the pineapple fields, farmers save time and money on labour costs for weeding. This idea of plastic sheeting came up during one of the ABC meetings, but could not be adopted due to its high price. By focusing on CS in negotiator skills, pineapple farmers were able to buy the sheets in large amounts, thereby making the sheets affordable. Likewise, farmers were able to affordably access the right fertilizer, specifically assembled to meet the needs of pineapple plants, through collectively purchasing.

Due to these developments, farmers' yields increased from 35 to 60 tonnes per hectare. The quality of the produce also improved; farmers no longer delivered small pineapples or pineapples with non-uniform coloration.

With the support of the higher-level pineapple platform (formed by representatives of all local-level ABCs and

some other regional actors), members of ABCs were granted loans from the Caisse locale de crédit agricole mutuel (CLCAM) at only 11% annual interest compared to a normal rate of 24%. This was only possible as the CLCAM considers involvement in the pineapple partnership as a kind of guarantee. The processing company Promo Fruits also benefits from the partnership financially, as it receives a bonus of 1% on their investment credit.

### Case 4: Cassava in Nigeria

#### *Issues between smallholder farmers and transporters*

In Ado Awaiye, in Oyo State of Nigeria, the 2SCALE cassava partnership succeeded over the last few years to significantly expand the production line of Psaltry International, which processes locally sourced cassava into starch and sells it to Nigerian Breweries. It began as 2SCALE's capacity strengthening sessions stimulated farmers and transporters to engage with one another, as well as with Psaltry. Despite the ability to process tons of cassava on a daily basis, the low productivity of cassava farmers was a serious setback. By bringing involved value chain actors together in agribusiness clusters, the most important business issues were soon identified.

Besides several required improvements regarding GAPs, farmers struggled with very high transportation costs. Also the relationship between smallholders and transporters was rather uncooperative and not transparent. Farmers, for example, complained that transporters were not careful enough when loading their produce and ended up loading less than the full capacity of their trucks. As transport prices were set per truck, this formed a problem. Secondly, problems existed due to the delay in payment by Psaltry to farmers and transporters. In addition, there was dissatisfaction with Psaltry's weighing bridge. The counter was only readable in a room with a sign "No entrance for non- staff", whereas farmers and transporters wanted to read the weight themselves to ensure they weren't cheated.

#### *Negotiations through the APEX farmer organisation*

As soon as the key business issues were identified, Gbenga – the agribusiness trainer of ICRA – started to draft a capacity strengthening plan addressing these major themes. Through the work of his team of business coaches, the more than 600 farmers from different clusters (30% of them women) soon formed an APEX farmer organisation. It enabled farmers to speak with one voice. Their unity led them to review transport prices with the transport union. This was key because transport accounted for more than 50% of the production cost. The farmers' organisation was able to negotiate transport costs down by 20% and instead of paying per truck, the farmers now pay the transporters per ton of cassava loaded. As a result, the transporters more carefully load the cassava roots into their trucks.

A transport committee was set up at cluster level to



Through a combination of technical, business and relational improvements, pineapple farmers' yields increased from 25 to 60 tonnes per hectare.





2SCALE's coaching sessions stimulated farmers and transporters to better engage with one another, as well as with the lead firm Psaltry International.

ensure that the business relationship between farmers and transporters remains transparent and cordial. One of the results was that Psaltry had to review its “No entrance for non-staff” policy. Farmers and transporters can now read the digital weighing counter. They even climb on it to see it measure their own weight to be assured that the measurement of their produce is accurate and they are paid accordingly. Also Psaltry's payment approach has been reviewed. Farmers now get a credit alert on their mobile phones through Psaltry's electronic payment system almost immediately upon delivery of the produce. In addition, credit negotiations with Nigeria's First City Monument Bank led to the agreement on a so-called “one-digit interest rate”, including an insurance.

“Before our interventions, farmers were only concerned about themselves and their individual issues,” Gbenga says. The traders were also in it for themselves, as were the transporters and all others in the value chain.” Good business needs to avoid chaotic situation in which everybody grabs the other by the neck. Collaboration at cluster level improved the trust and interactions between farmers, transporters and other actors. The farmers learned that their issues on cluster level were hard to address without organisation at a higher level. This led to the formation of their APEX organisation. They now regularly negotiate prices with Psaltry and other buyers to get to the best win-win situation for all the actors involved.

### Key outcomes

The establishment of ABCs and vertical (inter-actor) linkages have supported the following key outcomes:

- New contractual arrangements between POs and SMEs, respecting collectively established norms. Also more preferred and contracted arrangements between farmers and traders and middle men are

made for bulk selling of produce.

- Better arrangements between producers and transporters resulting in reduced transport costs.
- More demand for inputs and consequently more (preferred) business deals between farmers and input providers (e.g., for inoculum, aflatoxin safe hybrid seeds or SSP – fertilizer for soya).
- Structural involvement of “new” actors and steady increase of “new” members in the clusters (e.g., financial institutions, transport organisations).
- Improved trust among actors and better interaction among them (e.g., resulting in resolution of conflicts)
- Better access to credit and new developed credit arrangements between farmers and local financial institutions, resulting in easier conditions and lower interest rates. (In some cases this is linked to a warrantee system; an arrangement which involves a guarantee of a lead firm that allows farmers access to credit).

## 4.3 Establishing stronger market relations

Most of the issues 2SCALE faces in value chains are positioned between farmer groups and their off-takers. 2SCALE's CS activities therefore especially focus on **improving farmer-firm relations**. Particularly **young farmers** struggle with weak relations to input and output markets and consequently with a lack of access to credit. 2SCALE however not only works on strengthening existing market relations, but in some cases supports the establishment of **linkages to new markets**, creating new opportunities for smallholder farmers and new lines of business for agro-food SMEs. The following three cases provide illustrations on these different sub-themes.

## Case 5: Sesame in Mali

### *Organising sesame farmers*

Soungo Diarra is one of the lead farmers involved in the buying and bulking of sesame. During the commercialisation campaign of 2015, he collected 145 tonnes of sesame from members of a local network that he had built up over the years. Today, this network covers some 20 villages each counting about 25 producers. At the end of 2016, the group formed a cooperative and signed its first “win-win” contract with Promotion du sésame au Mali (PROSEMA) to supply sesame. With the support of 2SCALE, about ten other similar cooperative organisations have been set up in this way. Together they constitute the sesame supply chain for PROSEMA, which leads the sesame export market in Mali and is the lead firm of this value chain partnership.

### *Learning by doing*

From the beginning, PROSEMA chose to focus on the development of a network of local collectors (like Soungo Diarra). By organising services such as training, credit for inputs and small equipment around second-level POs, PROSEMA hoped to win the loyalty of the sesame producers. This plan sounded fool proof, but in practice, the results were rather disappointing. Despite PROSEMA’s support, the producers sold a large amount of their sesame during the marketing period on parallel markets. Looking at the situation in greater detail, 2SCALE discovered that the “supply leak” often followed price fluctuations or times when PROSEMA was short of funds to collect the sesame. Another important finding was that PROSEMA’s different supply channels were not equally efficient. In particular, the collectors proved to be more efficient compared to other supply channels.

### *Gradually building trust*

What is it that made the collectors more effective? During a reflection workshop on the establishment of a supply network organised by 2SCALE, Soungo Diarra explained: “I gradually built up my network. When I received inputs from PROSEMA, I distributed them to the producers I trusted. Not everybody proved to be an honest partner, but I discarded the bad players over time and continued my selection process until I had built up a network of loyal producers”. Jointly reflecting on what Soungo Diarra said, all involved partners came to understand why Soungo’s network was successful: gradually, confidence was built up on the basis of concrete activities between people who know each other well. Realising this, PROSEMA’s leaders were encouraged to once and for all adopt a decentralised model, and 2SCALE supported training and coaching sessions for sesame producers to organise themselves into cooperatives – the heart of the ABCs – where good relationships of trust can be built between local actors.

### *The way forward*

2SCALE supported the path toward greater loyalty. First, by developing a close working relationship between local cooperatives, input suppliers and financial services, which established local ABC networks. Secondly, by developing balanced business partnerships and “win-win” contracts between PROSEMA and the second-level producers’ organisations which united several local cooperatives. The PROSEMA CEO, Soumaïla Coulibaly, learned that improving loyalty is not a one-shot process, neither is it a one-sided one, but rather a matter of reciprocity. He has concluded that mutual trust and loyalty comes only after investing in relationships and through decentralised services and decision-making.



The process of building strong market relations between PROSEMA and sesame farmers – here winnowing their produce – was not one-sided, nor a one-shot process, but rather one of reciprocity and gradual trust building.



A group of young agripreneurs, part of the Zongo Youth Association, united in a joint agribusiness learning process.

## Case 6: Rice in Nigeria

### *From a spark to a flame*

Shimave Felix, a 25 year old “agripreneur”, was not the kind of young person anyone would ordinarily listen to a couple of years ago. Today, Shimave is an example in his community in Zongo, and his influence is growing fast. In 2013, he joined 2SCALE field coaching sessions on GAPs, including rice nursery management, use of improved seed, transplanting of young seedlings and water management, and applied his learning on his one-hectare rice farm. His yields increased to about 3.1 tonnes of rice per hectare, compared to less than one tonne before. Shimave was soon a model for other young people who had left Zongo Village in Benue for the state capital, Markurdi, where they’d hoped to find jobs. When the youths returned home and saw the drastic changes in their friend’s farm, they wondered how he had done it. When they began to ask him to share his secrets, Shimave saw the opportunity to organise them into groups. Since then, three youth cooperatives have been formed under the umbrella Zongo Youth Association. These young farmers then pooled their resources to jointly cultivate a total of 100 hectares of rice farm.

### *The search of funds to put skills into practice*

Yet, despite all their newly acquired hard and soft skills, the young producers still came up against a few obstacles: they were not organized enough to be able to sell at competitive prices and they could not access money to buy inputs. Being young farmers, no one was initially willing to give them loans. Mikap Nigeria Ltd., Nigeria’s leading rice marketing company selling locally produced “Miva” rice, was brought into the partnership. The young farmers organised a business meeting with Mikap to discuss issues like access to credit, but were however disappointed, as Mikap decided not to organise inputs like fertilisers on credit.

The young entrepreneurs did not give up after their first disappointment. The functional CS coaching sessions of

2SCALE continued. The ABC coaches trained the young farmers on how to build good business relationships and improve their negotiation skills. This allowed them to make deals with local input dealers on mutually agreed terms and discounted rates. Later on, the Zongo Youth Association started doing business with OLAM Nigeria Ltd. OLAM offers them good prices for paddy rice and even provides them with better inputs (improved seeds, agrochemicals and fertilizers).

The rice business is gradually starting to boom and Zongo youths are now trickling back to the village to enter agribusiness. Shimave is carefully leading his association to stimulate the young farmers’ confidence, through coaching in hard and soft skills development, and now leads about 60 young people. But unlike their predecessors, they are doing it with business in mind, which they have learned through the several coaching sessions on economic analysis, crop budgeting and production efficiency.

## Case 7: Soya in Ghana

### *Soya kebabs*

Triggered by increasing demand for healthy and affordable proteins, Rose (an energetic local business “champion”) mobilized her soya processor colleagues to form the Cumoban women processors’ cooperative in Kpandai town. They produce soya kebab, a highly nutritious and cheap meat substitute. It is similar in appearance and taste to meat kebabs and is gaining in popularity, especially among children and low-income earners in the region. Rose and the other women in her group attracted the support of 2SCALE with their business idea of forming a processing cooperative.

### *Strengthening capacity for collective action*

For the cooperative to become successful, the processors needed to improve not only their skills and techniques in the actual making of kebabs, but in other ways as well. The

coach supported this process and coached the women on soft skills, such as group dynamics, leadership skills, and relationship building with other organizations. The group also needed a reliable supply of quality soya beans to meet the predicted increased demand for kebabs. The cooperative therefore joined the existing soybean ABC in Banda Boraé, and worked with the producers' organisations in this cluster. Being members of the ABC, Rose and her colleague processors are more comfortable working with these organized producers as opposed to sourcing from the open market. Through the ABC relationship, and with their strengthened soft skills, both parties now meet as equals to negotiate on prices and volumes. Rose and her group also received additional coaching to implement a village savings and loans association (VSLA). The cooperative meets weekly to make contributions or lend the mobilized savings to their members who are in need of credit to invest in the expansion of their businesses or to solve pressing needs. Through these savings, the group also plans to acquire some land where they will construct a shed to facilitate group processing.

#### *Branding and marketing soya kebab*

The marketing of the soya kebab started with a pilot project. By developing a special brand for the soya kebab, and packaging and marketing it in a new way, the pilot aimed to reach more low-income and vulnerable consumers. Rose and her colleagues suggested several brand names and finally agreed on Daadi Soya Kebab. This brand was promoted in every corner of Kpandai town and surrounding villages and has now become a household name among school children. Two kiosks, one located at a cluster of schools and another close to a market, serve as outlets where consumers can buy the product. The cooperative members are now identified by their brand, which is printed on their containers, as well as on aprons and T-shirts. This effort has resulted in more than a 50%

increase in sales over a period of six months. School children and other low-income earners in the region now have access to affordable (and tasty) protein, which they missed in the past. The women processors have also provided employment opportunities to other women and youth, who they recruit as sales agents.

For the women, working together has greatly strengthened them, and this initiative has been an inspiration to other women as well. As Rose says: "We are now financially independent, and also support the upkeep of our families and households".

#### **Key outcomes**

Some key changes regarding the establishment of stronger (or new) market relations include, amongst others:

- Enriched farmer-firm business relationships with more commitment and loyalty (leading to less side selling).
- A growing (need and) number of established higher level (multi-actor) platforms. The platforms enable farmers to negotiate better deals with fairer prices and support lead firms to settle improved and uniformed contractual arrangements.
- Improved leadership-, negotiation- and business relationship-building skills among young agro-food entrepreneurs.
- The establishment of youth cooperative organisations.
- The establishment of new value chains serving new markets; often enabling SMEs to penetrate new market segments through product differentiation (e.g., by using different types of packaging).



Members of a soybean processor association cut and fry soy kebabs, a protein-rich food sold at schools and in local markets. 2SCALE helped them to better organise themselves, and improve processing and marketing practices.

## 4.4 Functioning of cluster coaches

2SCALE's network of agribusiness trainers and ABC coaches was built up over the years. Likewise the certification and competence building processes developed along the way. They resulted in 63 certified ABC coaches so far (July, 2017). Although 2SCALE is convinced that coaches have an important role to play in gender mainstreaming and empowering women at grassroots level (and six out of the 10 cases [cases 1,2,6,7 and 10] in this chapter specifically provide a gender or youth employment perspective on the development of the agribusiness), it was a challenge to promote and identify female coaches in the selection process. Unfortunately, it must also be concluded that sensitivity towards gender or youth has not been a significant guiding principle in the evaluation of their performance. The following case illustrates some of the challenges coaches face when advising value chain partnerships and how it has changed their work activities.

### Case 8: Soya in Benin

#### *New challenges for an old profession*

Staff members of a PO who become an ABC coach of 2SCALE face new challenges. Whereas they are used to intimately working with farmers, as an ABC coach their task is to come up with new ideas for action for all involved market players of a particular value chain. The coaches need to keep their eyes open to innovative opportunities that can shake value chain actors out of their old habits and ways of thinking. This also means the coaches have to extend their role and terms of reference. "This was the case for me over the last four years," says Bernard Dédjélénou, who has worked with 2SCALE for a couple of years now. "From being a purely technical advisor, I learned my way into my new position of facilitator and then of trainer-mentor for 2SCALE."

#### *A new treasure*

Farmers in Benin for many years produced cotton: the "white gold" that provides a living to many West African producers. But somehow had become less profitable in southern Benin. As the coordinator of the Regional Union of Producers in Atlantique and Littoral (URP-AL), Bernard saw in 2SCALE an opportunity to shift their focus to soya beans. URP-AL started to mobilize farmers in the region to grow more soya and connected them to the soya processor Coopérative de transformation, d'approvisionnement et d'écoulement de soja (CTAE).

#### *Resolving quality issues*

CTAE for many years faced the problem of low quality raw material. The bags of soya delivered by the local traders in the market often contained chaff, sand and damp grains that turned black. This not only affected the quality of the processed products CTAE was marketing, but it also reduced the cooperative's turnover and was damaging its equipment. With such a poor supply base, they had little

control over the quality of the food products they end up with. Through ICRA, Bernard coached the ABC actors on different topics such as: negotiation and contracting procedures, collective selling or stock management. This led to concrete action. Together, the soya producers and CTAE listed a set of quality specifications for soya. Where these quality requirements are respected, producers are granted a bonus of 25 CFA francs (about € 0.04) per kg beyond the market price. The Atlantic POs are now able to provide enough soya of good quality at a price they find acceptable. CTAE is happy with this agreement, as the quality of the soya-based products it puts on the market has increased, thereby further increasing the demand of their soya-based food products.

#### *Better business relationships*

With the support of URP-AL, CTAE built up better business relationships with soya POs of the Atlantic region. Between 2013 and 2015, the number of producers linked to CTAE increased from 192 to 236 and local production from 82 to 228 tonnes. The producers' commitment motivated CTAE to deliver them the needed guarantees and documents to arrange loans from the local micro-finance institute ALIDE. This allowed farmers to buy inputs, such as improved seed and inoculants, required to maintain the quality of their products. Bernard later drew up the idea of a tripartite contract between ALIDE, CTAE and the POs to ensure direct repayment of the loans upon delivery of the produce. This further deepened confidence in the value chain.

After a few years of work, Bernard clearly noticed that through strengthened business relations, value is added through all the links in the chain. This required all involved value chain actors to adapt, including Bernard himself, who has seen that his role and work significantly changed over time.

#### **Key outcomes**

2SCALE "learning by doing" approach resulted in "diverse" situations and conditions when it comes down to coaches' (1) affiliation (their internal or external position vis-à-vis the ABC), (2) workload (the priority that is given to functional CS opposed to other ABC-related work) and (3) skills and competences (see Figure 7). As the functionality of the coach depends on these classifications, 2SCALE over time started to consciously reflect on them.

- 2SCALE's trainers identified several advantages and disadvantages for the different (internal and external) affiliation of the coaches (see Table 1). Although these outcomes are subjective and based on the personal experiences of the agribusiness trainers, they contain important insights when selecting ABC coaches.
- 2SCALE identified a general trend in which internal coaches in first instance primarily deliver tangible services (e.g., arranging inputs, equipment or aggregation and transportation of produce). Due to 2SCALE's efforts, their workload increasingly involves more intangible services and coaching on soft skills.

Statements	Internal Coaches	External Coaches
Coach does more than formally contracted for	More likely	Less likely
Work will continue after 2SCALE	More likely	Less likely
Brokering and partnering competent	Less likely	More likely
Technical and functional competent	Less likely	More likely
Analysis and capitalization competent	Less likely	More likely
Language or cultural barrier	Less likely	More likely
Contract staff of BSS	Less disadvantage	More disadvantage
Risk of bias or favouritism	More likely	Less likely
Risk of leaving or mutations	Less likely	More likely
High cost of service	Less likely	More likely
Knowledge of internal dynamics	High	Low
Living far from cluster area	Less likely	More likely

- In terms of coaches' skills and competences, 2SCALE observed there is more diversity in the competence level of internal coaches as compared to external coaches. Internal coaches are often not educated to support and facilitate business processes, but generally have a more agricultural background. Especially "feedback and capitalisation of experiences," "documentation and reporting" and "pioneering innovative ideas" are scored lower by internal coaches and require special attention.

## 4.5 Embedding the costs of business support services

Coming toward the end of the five year 2SCALE program, about one third of the ABCs (within the 20 West-Africa partnerships actively delivering BS services) express that they have significant interest to continue with the BS services without the financial support of 2SCALE. In other cases the coaching services were more of temporarily nature to kick-start improved collaboration in ABCs. The following cases show how partnering actors have developed innovative funding mechanisms to integrate coaching services into the cost structure of the value chain.

### Case 3 continued: Pineapples in Benin

#### *Coaching: now and beyond 2SCALE*

With the help of their ABC coaches, pineapple farmers in southern Benin now discuss, exchange and reflect on prevailing issues in the chain together with all actors involved in the pineapple cluster. Jointly they explore ways

to improve the competitiveness of their businesses. As 2SCALE withdraws its support by the end of the year 2017, the pineapple platform developed a system to continue the financing of the coaches. POs set aside a levy from each kilogram of pineapple supplied to the processor. In this way, the coaching cost are spread over all the actors, including the processor, Promo Fruits.

### Case 9: Maize in Nigeria

#### *Technology and soft skills*

This maize partnership consists of four agribusiness clusters, grouping over 2,000 smallholders in the South West zone of Nigeria. They have seen major business breakthroughs in their individual business endeavours over the four years of working together. Chief Ademolu, a farmer from Ayetoro, and other farmers in his cluster have achieved an almost three-fold increase in yield per hectare due to the adoption of mechanized planting. This allowed better plant spacing and also made it easier to adopt other technical innovations, including the correct use (quality and quantity) of fertilisers, herbicides and the planting of improved seeds. By pooling the demands of organised farmers, the POs became an important business for the mechanical services provider. Because of the increased business and improved negotiation skills, farmers reached an agreement to substantially lower the cost of mechanical planting services. The input provider realised that because of the sufficiently large demand to hire the planters, he could make quick and important returns, even at a lower price. Farmers attribute their successes to the combination of technical-, organisational- and business relationship-building services provided through the 2SCALE project.

### Cooperating to fund coaching services

During discussions on the phasing-out of 2SCALE's support with 20 representatives of the four ABCs, participants proposed to continue the coaching services. Together they brainstormed on different ideas on how to annually raise the needed amount of money within the internal cost structure of the maize partnership. The participants demonstrated their long experience of farmers' cooperative fundraising as they kept coming up with terms as "dividends on patronage", "dividends on shares" and "demand dividends". The 2SCALE agribusiness trainer, facilitating these sessions, probed for more explanation. So one of the farmers, Akinpelu, gave an example. There are up to 2,000 maize farmers in the partnership and each of these requires five bags of fertilizer per year. The farmers could pool this demand through the POs in their clusters such that the 10,000 bags of fertiliser could be purchased in bulk, at a reduced price. Paying 4,000 instead of 5,000 Naira per bag would reduce the final cost of each bag by 1,000 Naira: the clusters could decide to keep 500 Naira of this and let the members have it at 4,500 Naira per bag. This still would be a saving for farmers – and would also raise 5 million Naira to finance coaching services.

### "We want to pay for you to stay"

This same model can also be applied to other goods and services for which demand and supply can be pooled at ABC level (e.g., tractor services, credits/loans, insurance, transport, etc.). If all the dividends raised were pooled every year, the money that would be raised could be more than enough to contract competent coaches at cluster levels through a competitive bidding process. Since coaching services are expected to add value to the clusters so that they are able to pool more volumes and raise more

dividends, it follows that competent coaches supporting their clusters will be able to raise the needed resources for continuation of the coaching services.

## Case 10: Dairy in Nigeria

### Milk: A new business for Fulani

FrieslandCampina Wamco (FCW) is a leading milk processing company, which intends to reducing the import of raw material through local sourcing from Fulani cattle herders. FCW has therefore established milk collection centres targeting Fulani milk producers in the area. Milk collection is a completely new business for the Fulani, who previously only produced for their own consumption and local sale of cheese. And even this was women's business; Fulani men, the owners of the cows, had never been interested in the milk or its products.

This changed with the 2SCALE project. Cows are now milked early in the morning, after which the women pool and pour the milk into specially designed and calibrated cans. They take care to keep to the required quality standards and have the milk cans ready for delivery to the collection centre by 9 a.m. at the latest, as agreed. Most of the women milk vendors prefer having their milk collected at the camp and not make the trip to deliver it to the centre themselves.

### New ways to continue coaching

The coaches for the dairy partnership are described as "external" coaches, as they are not directly engaged in the dairy business. Instead, they are from a company called SPPS Limited, which was contracted by 2SCALE to establish the dairy clusters, improve production and quality and link



During one of the ABC meetings, key quality parameters were determined for the maize produce.

Fulani to transporters, feed and veterinary drug suppliers, etc. The coaches are not Fulani and therefore face cultural and sometimes language barriers. This means they need to communicate with the cluster actors through community livestock workers (CLWs), who are young Fulanis working in the clusters as milk transporters, veterinary drug suppliers or as producers.

In 2016, the coaches were suddenly confronted with the problem that they could not renew their 2SCALE contracts due to administrative delays, which affected their earnings. One coach, called Stephen, discussed his situation with Saliu, one of the CLWs. Even though Stephen is not himself a Fulani, he had built up competence and trust with the dairy vendors. This became a powerful asset. Stephen looked for opportunities to become part of the milk business with the Fulani women, and agreed with them to collect and transport their milk to the milk collection centres using his personal car. He also began supplying dry season supplementary feeding materials to the milk producers through the CLWs – an important activity needed to ensure the cows are properly fed and continue to produce milk.

#### *Building trust and shifting norms*

It has now been about a half year since the coaches initiated this additional transportation service. Over this time, enough trust was built up so that the coaches now get the milk from the women on credit. The coaches pay the women for their milk once they have delivered it and get paid by FCW. The coaches now collect on average 200 litres of milk per day from about 10 women milk vendors, and the credit has run as high as 100,000 Naira (about € 270). Seeing how profitable this new milk business is, Fulani men are now also becoming interested – a serious cultural shift in the Fulani

social norm. The once external coaches are sleeping better now they are directly working with the Fulani dairy vendors and can see more job security. The women traders feel secure in the knowledge that when the 2SCALE project phases out, FCW will continue to get their milk supply.

#### *Key outcomes*

Although it might be too early to speak of “best embedding practices,” ABC actors increasingly express their appreciation of functional CS and the proof their ability and willingness to integrate and cover the costs of BS services.

- Some external BSS and coaches are becoming business actors themselves within the cluster in order to finance their BS services. They are, for example, involved in equipment-, input- or brokering services. This way, most of these external BSS see a chance to remain associated with the cluster and continue their functional BS services.
- Other coaches decide to deliver business services on their own (without a BSS). With internal funding of the ABC, they are able to continue their support services to cluster actors.
- Some lead firms or higher-level platforms start acting as an internal BSS. They find mechanisms to finance their BS services through raw material aggregation (the coaching activities are paid by charging a percentage of the price of the product and/or transaction).



Fulani women pour their milk into specially designed and calibrated cans. Most of the women milk vendors prefer having their milk collected at their camp rather than making the trip to the milk collection centres.







# 5

## LESSONS LEARNED



2SCALE's CS activities aim to build strong agribusiness networks and partnerships in which value chain actors increase their market volumes and business profitability. The first part of this section highlights lessons on the impact of BS services on business changes. A second important target of 2SCALE is to establish and strengthen a professional, financially sustainable support sector in which local BSS sustain future BS services. The second part of this section therefore summarises lessons on how this has and has not worked out in the 2SCALE project.

## 5.1 Business support services and business change

The effective contribution of BS services on business changes is difficult to measure in terms of direct outputs such as marketed produce or income levels, as these services generally are part of a more complex package of project interventions in the partnerships. Moreover, the 2SCALE Monitoring & Evaluation framework so far does not cater for this level of detail. Instead of lessons on proving causalities, the following lessons provide guidance and learnings on how to maximise the impact of BS services on business changes.

### *Lesson 1: Integrate functional and technical capacity development*

Most of 2SCALE's experiences within value chain partnerships draw out attention to the fact that technical (hard skills) training does by itself not necessarily lead to desired technological changes and business breakthroughs. Also necessary are business skills, as well as organisational and relational training on "soft skills" through functional CS. The different case examples in Chapter 4 show how training on GAPs – including the use of certified seed and optimal fertiliser practices, but also mechanised planting and the use of irrigation devices – would not have resulted in wide adoption had farmers not also been coached in business and functional capacities (soft skills). These soft skills include how to analyse production costs, identify options for cost reduction and efficiency, develop production, marketing and business plans, build good business relations, negotiate with other players and develop contracts. The main interest of lead firms is generally to source high volumes and high quality raw materials. In the beginning of most partnerships, firms and support services therefore show major interest in farmer trainings on good agronomic practices as the way to improve their sourcing issues. But by combining these technical trainings with tailormade capacity strengthening activities and coaching of value chain actors, firms and support services gradually discover the importance of building business relationships and functional capacity strengthening as an essential ingredient to materialise the desired changes.

### *Lesson 2: Link diversified services*

As firms cannot take responsibility to deliver all needed services on their own, 2SCALE has shown the importance complementing technical services with business support services within the ABC setting. Experience has shown however that it takes time before firms see the importance and usefulness of such functional capacity strengthening. It is not easy to get true commitment and buy-in from firms in local level networking, coaching and empowerment.

Only after 2SCALE's partnership facilitators stimulated and encouraged firms to commit themselves to functional CS, and once there was some proof that it led to more quantity and better quality raw materials, did these firms gradually discover the importance of functional CS as a valid contribution to the overall support given. The pineapple platform in Benin (Case 3), for example, went through this discovery process. Only over time did the platform recognise how the functional CS activities contributed to valuable results: the increased yields, reduced costs, lower interest rates for loans and larger profits. This discovery secured their buy-in and commitment to continue with the functional CS activities.

### *Lesson 3: Organize actors at different levels in the value chain*

Most 2SCALE partnerships show the importance of local networking and the construction of vertical business relationships at the level of the ABC. Local organisation stimulates trust building, interactive learning between value chain actors and allows for context-specific arrangements and tailor-made service provision. Local clusters are not only important for POs to develop reliable and sustainable market outlets, but also for larger-scale companies that want to source raw materials from smallholder farmers. Larger firms often start their sourcing activities in a rather centralised way. With the intention to support farmers to increase production, they themselves (sometimes with help of a partner organisation) often provide inputs and credit directly to farmers and collect the major part of the harvest from farmers. Depending on the type of commodity, there are however often several other market outlets that may be more attractive for farmers to sell to in the short run. Hence, firms discover that the provision of inputs and credit is not a guarantee for sustainable sourcing of raw materials and that more is required to "construct" loyalty and long-term relationships with farmers. They often gradually experience that input and credit management is better dealt with by professionals whose services require decentralised business that are best organised at cluster level. For many partnerships, this lesson resulted in tripartite arrangements, with the lead firm as guaranteed buyer of POs and arrangements with local input providers, tractor (transport) services and financial institutions.

There is, however, still possible benefit in combining business deals at a higher level. 2SCALE, therefore, has increasingly been involved to support POs to organise themselves into APEX organisations and represent themselves on higher-level platforms, involving also higher-level business players like input distributors, credit services, etc. Participation of POs in decision-making and the overall coordination of value chains at higher level leads to even better win-win situations (as illustrated in the pineapples-Benin partnership).

A key lesson for 2SCALE has been to organize actors at different levels in the chain: local clusters, APEX and platform organisations should all be focus areas for BS services for it these to have widespread, scalable impact.

### *Lesson 4: Build resilience in farmers' organizations*

Not only lead firms have understood the value of functional CS. In cases when farmers and their organizations go through a "shock" (e.g., a firm is no longer buying their produce or a major market opportunity collapsed), they have shown resilience due to increased functional capacity. The project has seen several occasions where POs have not been passive when faced by a shock to their business, but have actively analysed their own position, pursued alternative market opportunities and established new business relationships with processors and off-takers. This was the case in 2SCALE's citrus partnership in Ghana, when the lead firm Fruttiland suddenly stopped its activities, and also the vegetables partnership in Benin, when Nigerian buyers heavily decreased their business with Benin due to the devaluation of the Naira. Since food markets can be volatile, we have seen the importance of building resilience of POs within ABCs.

## 5.2 Embedding business support services in value chains

The embedding of BS services in value chain partnerships is a key challenge in different ways on different levels. The following lessons learned share main conclusions concerning operational, process and financing levels.

### *Lesson 5: Build a network of (certified) trainers and coaches*

2SCALE's network of agribusiness trainers and ABC coaches has emerged gradually over the years, and the capacity building – and its integrated certification process of the coaches – has been an intensive "learning by doing" experience.

To avoid conflict of interests and ensure neutrality in the facilitation of BS services, 2SCALE initially prioritised working with external BSS and ABC coaches: organisations and individuals that are not associated to any of the individual value chain actors themselves. However, as it developed, the project revised its strategy. For reasons of sustainability, 2SCALE increasingly worked with internal ABC coaches (e.g., those employed by a local PO, extension agency or processing company), and gradually phased out external ABC coaches. Internal coaches are more likely to continue working with the cluster and the partnership, and provide a sustainable business service model beyond the life of the project (which had covered the cost of ABC coaches and their BSS).

This strategic decision has had consequences for the capacity and skill development activities. 2SCALE learned about the general trend in which internal coaches master key skills (e.g., to pioneer innovative ideas or lead feedback and capitalisation sessions) to a lesser extent compared to external coaches. In a few cases,



A value chain mapping exercise facilitated by one of the ABC coaches in Mali.

the project therefore purposely opted to work with both an external and internal coach working hand-in-hand within the same ABC, in order to gradually transfer key competences from external to internal coaches. This has been an efficient way of working, on the condition that a gradual and step-wise handing over of tasks to the internal coaches is promoted and arranged.

A third main lesson, related to the certification of coaches, refers to the following two questions: (1) who should be in charge of the assessments and certification of the coaches? and (2) to whom is the coach accountable? Because of the variety in types of coaches, the answers to these questions are not straightforward. External coaches that are staff members or contracted by external BSS are in the first place accountable to the BSS he or she belongs to. In the case of internal coaches without clearly defined BSS, coaches seem to have been more accountable to 2SCALE as project funder (and more precisely the 2SCALE's trainers and partnership facilitators). In the case of an internal coach, staff of a PO or lead firm, he or she is clearly accountable to his/her employer. 2SCALE concluded that the accountability issue is related to coaches' assessment. The certification process is currently still managed by the 2SCALE trainers, based on their subjective assessments. In the case of an external coach, it would however make more sense to have the BSS doing the performance assessments. Similarly, in case of internal coaches that are part of a PO or processing firm, it is the main interest of these parties to take charge of the performance assessment given the fact that the efficiency of the coach will impact the profitability of their business.

#### *Lesson 6: Ensure buy-in of partnership actors*

Since the functional CS approach is complex, hard to measure and impacting on a long-term basis, not all partnership actors (often the lead firm or champion) immediately valued the CS approach and fully engaged into the design and monitoring and evaluation of functional CS activities. Moreover, lead firms assume that sourcing from empowered smallholders weakens their own bargaining power, and only progressively learn that more professional partners are beneficial to their own business. Therefore, a "project push" was necessary to create engagement for the CS interventions. Moreover, the sometimes hesitant attitude of these firms towards functional CS resulted in suboptimal coordination between the CS and other 2SCALE activities. Even within those partnerships in which CS activities are now well appreciated, it is not obvious that partnership actors have yet mastered the CS process, including needs identification, design of CS plans, setting up learning and coaching events, reflection and capitalisation, adaptation of the annual plans, etc. In order to really embed and institutionalise functional CS, it is essential to ensure the full commitment and buy-in of the partnership actors, and "strengthen their capacity to strengthen their own capacity."

#### *Lesson 7: Develop an integral financial model for BS*

At least one third of the business actors 2SCALE works with in West Africa have shown interest to continue with the provision of support and coaching services to ABC actors beyond the 2SCALE programme. This is not a straightforward process, as the activities of coaches have mostly been funded by 2SCALE. Therefore, a pressing

question is now how to embed and integrate coaching services into the cost structure of the value chain. The cases presented in Section 4.5 describe how ABC actors themselves, with the facilitation of 2SCALE, have initiated different models that are generally based on a levy raised through transactions (exchange of products/ services) within the partnership. The main lesson here is that ABC actors themselves are in the best position to co-create a business service model for the coaches and BS services, as they are the one who will be paying for it.

#### *Lesson 8: Invest in the professionalization and functioning of the BSS*

Based on ICRA's participatory assessment for development (PAss4Dev), 2SCALE has assessed some 25 external BSSs (14 in Nigeria, nine in Benin and two in Ghana) on a learning journey toward increased professionalization of BS service delivery. Some key learnings of these assessment activities at organizational level include the following.

Most BSSs have provided the required logistical support to enable their coaches to effectively perform their coaching activities in the ABCs. Generally, these BSSs are NGOs with "conventional" agronomic-based expertise and often lack business-related or coaching-facilitation experience. The content and methodological support for the coaches, therefore, has primarily been provided by 2SCALE's trainers. While most service providers appreciate that their coaches acquire business and coaching skills, and see business coaching as an important domain for future services, only few of them have organised structured ways to capitalise on coaches new competences for internal learning. Several BSSs see this as a missed opportunity and like to bring the coaching more into the main stream of their organisation. One of the underlying reasons of this challenge is the fact that most BSSs almost exclusively rely on ad hoc (donor) funding, and lack the institutional funds to engage their coaches on a structural (rather than ad hoc) basis. Only few of the assessed organizations seek pro-actively for more structural funds. Still most BSSs now envisage to set-up some regular review and capitalisation sessions and workshops so to effectively build on field experiences and thereby increase their competences and chances for bidding opportunities. Other BSSs, as inspired by the 2SCALE experience, are now seeing new business opportunities and invest into dealing tangibles goods for clusters actors, including input provision and marketing of produce. They effectively combine arrangements of tangible goods with the provision of business services and capacity strengthening activities on demand.

The changing nature of BS providers and their diversification of services is particularly experienced with those partnerships in which external coaches gradually hand over the coaching activities to internal coaches. These BSSs often see the opportunity to identify and develop new Terms of Reference and roles for their coaches. This is for example happening in the Soya-Ghana and Cassava-Nigeria cases, where several lead farmers

have developed into a coaching role within their group. In fact, this can be considered as they have formed a new, internal BSS. Since these lead farmers have their own, lower level of knowledge and operation, they demanded for tailored support and learning tools. In turn, the existing external coach developed toward a trainer-mentor role.

More generally, the PAss4Dev reveals to be an appropriate instrument for BSSs to analyse their internal structure and functioning, identify weaknesses and develop plans for improvement. This enables them to better deal with the increasing demand of business support services. Some of the planned changes include: developing promotional material, pro-actively seeking bidding opportunities and developing proposals for SMEs who have the objective to increase their sourcing of raw material. Some BSS now also develop strategic plans and internal procedures to capitalise on field experiences, and thereby increase their capacity to bid for relevant and more structural business support funds.

#### *Lesson 9: Invest in project internal buy-in*

Lesson 6 also applies to the internal project management and collaboration. Initially, ICRA – as CS partner in the consortium – experienced difficulties in explaining the usefulness of the CS model to the staff of its fellow consortium partners (e.g., partnership facilitators, which have to put considerable emphasis on the functional capacities activities, as described). Different consortium partners implementing any project inevitably have their own perspective, primary focus and expertise in technical, business and functional related services, and it can be difficult to manage and balance these different areas in the day-to-day workload and priorities when implementing a project. A key lesson is, therefore, not to underestimate the need for a mutual understanding of the different expertise from project partners and how these complement and interact with each other in delivering interventions and how lessons from experiences are incorporated. An efficient and effective collaboration within the project investment is required to develop a common vision that is monitored and evaluated along the way.

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# STRENGTHENING BUSINESS SUPPORT SERVICES FOR AGRIBUSINESS PARTNERSHIPS

*Insights from 2SCALE*  
Thematic Paper

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