



# BDS in Agribusiness: Commercial Linkages

## Roundtable on Business Services for Small Enterprises



# Successful Agribusiness Development Interventions

- Market-Based
- Value-Chain Focused
- Technology-Driven
- Impact Oriented
- Sustainably Delivered



# Examples of Business Services & Providers

## Services

- Inputs & Extension
- R&D
- Market info & logistics
- Testing
- Regulatory and financial
- Transportation
- Quality assurance

## Providers

- Input suppliers & Exporters
- Research organizations
- Exporters, brokers
- Laboratories
- Lawyers/accountants
- Truckers/cargo handlers
- Certifying bodies



# BDS Model: Honduras CDA

- Provide direct TA; demonstrate need for BDS.
- Jumpstart economic engine of growth.
- Farmers purchase BDS with increased profits.
- Increased demand is impetus for establishment/expansion of local providers.
- Facilitator transitions out of direct TA in areas local BDS now fills; continues to identify new areas for facilitation and BDS.



# Case #1: Brokers

- Problems of Microprocessors
  - city-based supermarkets
  - lack of transport
  - poor labeling
  - poor understanding of regulatory requirements
- Problems of Brokers with Microprocessors
  - low volumes
  - inconsistent delivery
  - minimal product line diversity
  - high transport costs



# Brokers

- Facilitator Interventions
  - Established new supermarket contacts for pilot broker.
  - Linked broker to 20 microprocessors.
  - Provided processors with initial product development & quality assistance.
- Results
  - Broker expanded from 3 to 7 new product lines.
  - Broker has new supermarket accounts.
  - Broker doubled sales (and bought truck for distribution).
  - SMEs improved packaging and labeling.
  - SMEs increased sales by 60%.
  - Five new brokers targeting SMEs.



# Case #2: Input Suppliers

- Problems of Small Farmers
  - Agricultural practices are out-of-date.
  - Misapplication of fertilizers/pesticides.
  - Lack of access to new technologies.
- Problems of Input Suppliers
  - Limited consumer purchasing power.
  - Limited inventory.
  - Unaware of new technologies.
  - Limited knowledge of modern agricultural practices.



# Input Suppliers

- Facilitator Interventions
  - Demonstration of biological controls for small farmers (e.g. Trichoderma).
  - Transfer and demonstration of basic agronomic practices and technologies to farmers and input suppliers.
  - Training in farm chemical safety.
- Results
  - Increased small farmer yields, sales and net incomes.
  - Decreased use of farm chemicals.
  - Decreased incidence of farm chemical injuries.
  - Increased use of environmentally sustainable farm practices
  - Increased investments by small farmers in new technologies.
  - Expanded inventory by input suppliers.
  - Improved technical guidance provided by input suppliers.

# BDS Model: Kenya/HDC



- Facilitator makes TA delivery arrangements with BDS partners.
- Facilitator staff provide oversight, fill gaps in direct TA;
- First goal is to maintain smallholder exports, second to jumpstart new growth.
- Facilitator avoids direct TA wherever possible, transitions out after capacity-building in BDS gap areas.

# Recommendations for BDS- Agribusiness Linkages

- Commercial BDS is historically part of the farm-to-market chain.
- Recognize that models differ based on country conditions.
- The end goal of any agribusiness development project must be increased sales and incomes, starting with farmers.



# Recommendations for BDS- Agribusiness Linkages



- The technical capacity of BDS providers needs to be improved, while that of facilitators needs to be expanded to respond to training needs and client gaps.
- More agronomists, postharvest and processing technologists are required; not business generalists without specific agribusiness skills.
- Impact monitoring needs to incorporate tracking of farmer sales and incomes; increased “access to BDS” is useless without direct results.

# Why Focus on Agriculture in Developing Countries?

- Stronger multiplier effect (2 to 3 times) on national incomes and employment than other business sectors.
- Essential engine of growth required by rural non-farm enterprises.

# Why Focus on BDS in Agribusiness?

- Expand outreach of donor interventions.
- Increase support services accessible to small farmers.
- Ensure sustainability of a dynamic sector all along the farm-to-market value chain.

