Partnering for Value

Lessons from
Public Private Producer
Partnerships (4Ps)
in practice

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SNV

IFAD
Investing in rural people

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Front cover: Coconut workers at the Betrimex factory in Vietnam.
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1. Introduction

Within the framework of value chains, IFAD has increasingly sought to build mutually beneficial partnerships through the projects it finances between the public sector, the private sector and small-scale rural producers (*Public-Private-Producer Partnerships or 4Ps*). These partnerships are seen as one mechanism to work with companies in a way that improves how agricultural markets work for smallholder farmers and rural communities. Based on their experience with 4Ps, IFAD identified the need for a brokering mechanism to support the systemic emergence of pro-poor 4Ps along agricultural value chains.

The Partnering for Value project has been piloting 4P brokerage mechanisms within IFAD-funded value chain government projects. The three-year project (February 2015-January 2018) was implemented by SNV Netherlands Development Organisation in five countries across three different continents: El Salvador, Senegal, Uganda, Mozambique and Vietnam. The aim of the project was to deepen the understanding of the 4P approach; to develop and document best practices; to test an independent 4P brokering mechanism; and to strengthen capacities of IFAD and partners in the five countries on how to apply the 4P approach.

More than 20 4P business cases were brokered during the project across the five project countries. The experience of brokering these business cases led to a number of insights, results and reflections, based on which we now provide key lessons on how to use the 4P approach for inclusive, private sector led development[1]. These lessons identify factors that influence the results and success of 4Ps.

The identification of these factors is important to further develop the 4P approach as a mechanism for rural development.

Ten extensive case studies were developed as one of the key outcomes of the project, describing in detail the steps taken in the brokering process for each 4P partnership[2]. In this paper, we will use summaries of these case studies to provide practical examples that illustrate these factors. In doing so, this paper aims to contribute to a better understanding of what influences and contributes to the success, and how to better apply the 4P approach in future.

1] These insights and recommendations are documented in a number of knowledge products developed by SNV as part of the project, such as the 4P Brokering Guidelines, the 4P Brokering Tools, a 4P Final Project Paper, a 4P Business and Partnership Scorecard and ten case studies.
2] The extensive versions of the case studies can be found on the SNV website (www.snv.org). These were developed with help from the local teams of SNV on basis of desk research and interviews with key stakeholders. These case studies were not impact assessments, and represent instead a snapshot in time. The aim was to gain insights into the brokering process of the 4Ps and how this influenced the results of the partnership, as far as was possible within the project duration.

2. Lessons from 4P partnerships in practice

2.1 The size of the private partner in the 4P

A wide range of private companies are active in agricultural value chains. These companies vary from local SMEs, such as agro-processors or traders, to large international corporations such as food manufacturers and large commodity traders. Experience from Partnering for Value has shown that the size and type of companies influences the partnership development process, the business model and the partnership's results.

Larger companies provide opportunities for business growth and scale. They are well connected to domestic and international markets and they understand demand and the necessary quality standards to make a product attractive for potential buyers. Often, they have a high level of business management knowledge and a structured internal organisation. This makes them attractive for potential financiers, which provides opportunities to scale up.

At the same time, we have also seen that large multinational companies generally have less focus on achieving local impact. They follow the (international) market, meaning that they easily change their sourcing strategies, based on shifts in market demand. They are not always interested in achieving long-term relations with their producer base. Also, internal bureaucratic processes have slowed 4P partnerships down, for example because there were differences in interests between higher and lower management levels.

In Uganda and Mozambique, working with the multinational enterprise Olam posed a number of challenges; one of them was that internal decision-making processes took a very long time because there were multiple management levels that had to approve certain decisions.

Generally, this has worked out different when partnering with small and medium enterprises (SMEs). These companies tend to be locally focused, starting from domestic demand and sourcing from close-by producers. While large enterprises tend to follow global market demand and therefore easily shift their sourcing base, are small and medium companies more focused on sourcing locally and doing business in the region. For them, the benefit of building long-term relationships with producers is evident; in turn they also have something to lose when they lose trust of their producer base. At the same time, these SMEs are often less formalized than the larger companies; we have often seen that they do not have solid business management systems nor business plans in place, which makes it more difficult to develop sustainable partnerships and attract potential investors. In all project countries, it was identified that business management capacity building would be key if those companies want to become bankable and scale up in future.

Key lesson:

The size of the private partner influences the 4P results: while large enterprises are more likely to reach scale, are small and medium enterprises usually more impact driven.
For pro-poor impact, we recommend to set up 4Ps with SMEs that are locally rooted in the area where the producers are located.

Sesame, Uganda

Scale versus local impact: a trade off? The case of partnering with a multi-national enterprise to improve the sesame value chain in Northern Uganda

Location: West Nile region, Uganda
Name lead company: Olam
Value chain: Sesame
IFAD-funded project: Vegetable Oil Development Project – Phase 2 (VODP2)
4P investment: $133,517 by Olam in low-cost storage facilities, geographically close to farmer groups

Results since the start of the 4P
Number of farmers included: 681 (324 women)
Average income increase of producers: 67%
Profit growth for company: NA
Number of jobs created: 2

Background

In 2013 Uganda's global sesame exports saw the country earn US$28.4 million representing 11% of the global demand ($2.6 billion). In the West Nile region of Uganda, about US$ 4 million was invested in sesame buying by export companies in 2013, representing 20% of the national sesame earning. Experts say that this has been far below the region's production potential. One of the key bottlenecks for further development of the sesame value chain in the region is that export companies require sesame in commercially viable quantities, which the farmers are unable to aggregate. An agent-led model has been prevalent in the region because producer organizations are unable to bulk for export companies due to weak leadership and governance systems, lack of storage facilities for bulking, limited access to finance for produce buying and marketing and limited capacity in financial management.
Export companies around Arua have been buying sesame from designated agents[3] who mobilize the produce on their behalf at a commission. Olam, one of the key export companies in the region, has been interested to directly buy from producers, as this would lead to a better price for the farmers, which would motivate farmers to regain interest in sesame production. It would also reduce risk for the company as otherwise incur losses at the level of agents, who do not keep their pre-finance agreements. Previous experience from VODP2 shows that when producer organizations successfully bulk even 5MT of sesame, the export companies are willing and have always bought directly from their stores.

The 4P partnership

A 4P partnership was brokered to establish and strengthen a direct relationship between OLAM, three producer groups, and VODP2, to increase the volume of sesame bought by OLAM and to build a long term business relationship with producers. The arrangement would simultaneously:

1. Strengthen the bulking capacities of selected sesame producing groups around Arua;
2. Provide adequate storage facilities closer to those selected producer organisations;
3. Reduce Olam's losses incurred through their current agent-led model, and
4. Provide a signed off-taker agreement between Olam and selected producer groups.

This would help to ensure that producer groups have the capacity to bulk sesame while Olam invests to strengthen their presence and visibility in the West Nile region.

3) Designated agents are recognised and pre financed by export companies

Key learnings

Following the completion of business case development, Olam signed an agreement with the three cooperatives to supply sesame grain. VODP2's role was to support sesame producing farmers with extension services. Olam had promised to work with the producer groups to set up co-branded storage facilities to foster bulk marketing and a direct buying relationship from producers. All partners were optimistic about the potential results the 4P could have, given the proliferation of the agent-led model for sourcing grain. The added value of the broker was clearly felt by all partners with the broker playing a central role in building trust and facilitating engagements between partners.

However, the partnership broke down already during the first harvest season, due to the extreme competition between sesame buyers. Due to the resulting price wars, Olam was not able to stick to the buying price as agreed in the 4P agreement. It was also slow to adjust pricing to match market trends, which led to the tendency among producers to sell to any buyer with a decent offer at that moment, providing little incentive for bulking. This situation led to a lot of mistrust between the partners; Olam not able to invest in the farmers due to price wars, producers not feeling the commitment of Olam, and therefore tended to sell to other buyers who offered a better price. Due to this extreme competition, Olam's commitment to provide storage facilities also did not materialise.

But engagement with Olam in general also turned out to be a challenge. Motivations to partner differed between the local management level in Arua and the central management level in Kampala, leading to internal issues. Towards producers, communication lines often broke down during critical stages and communication on final price was often delayed, putting pressure on producers to sell to other buyers. Producers felt that since Olam had not honoured their commitment, there was no special relationship to uphold.

Clearly, building a 4P partnership in an unstable market is difficult as it easily leads to a focus on short-term benefits and mistrust between market players. A 4P partnership seems to be a less suitable mechanism in this type of situation as compared to working in a stable market were specific bottlenecks can be overcome through a partnership. This 4P case has clearly shown that a thorough market analysis needs to be done to get a good picture of the market dynamics at that moment, and to identify key bottlenecks and common interests before designing a 4P arrangement. It has also shown that there should be clear motivations to partner; regarding bigger companies, all management levels need to be engaged and have to show commitment. Perhaps the partnership could have started with a pilot to start building trust between the partners first to avoid such challenges in future.

4P Partner	Role
Private sector: OLAM	• Invest in branded storage facilities near producer groups • Buying produce from agreed locations • Signing off-taker agreement with producers • Sharing of market information and targets
Public sector: VODP2	• Provide advisory services to farmers • Develop capacity of farmer organizations to access services and market
Producers: Wadelai cooperative Maecora cooperative TEFACO cooperative	• Collective actions for efficient sesame production, collection and marketing • Investing in improved technologies to boost production and productivity • Farmer advisory services (peer-to-peer) • Partner in dialogue for development of the sesame value chain

2.2 The structure of the market

A 4P partnership is not always the best solution for small-scale farmers for getting connected to markets. One needs to look first at the characteristics of the market in which the buyer and producers operate, for example what the ratio is between number of buyers and average production per season; other buyers that are active in the market and which prices can they offer; are there big differences in varieties; what does the input market look like; are there more attractive/ profitable alternative crops, etc. Having analysed the market, one should look for concrete market barriers that a 4P could overcome. Only with such an analysis, an appropriate partnership with the right agreements can be designed. This can range from more open and flexible to more closed and fixed arrangements. This has to do with the nature of the market, as well as the nature of the value chain and necessary quality control. In extreme cases, it can even be decided that a 4P partnership is simply not suitable for that particular context.

We have seen examples where the particular market structure turned out to be less suitable for a 4P. The 4P partnership in Uganda on sesame with Olam as the private partner is a clear illustration. Due to an unregulated and undersupplied market, high competition and price wars, there was little incentive for the partners to invest in a long-term partnership; due to insecurity of the market, both private as well as producer partners are inclined to go for short-term benefits (price) rather than long-term gains (stable sourcing relationships). This is in contrast with for example the 4P around cheese in El Salvador or the organic coconut case in Vietnam, where buyers have a difficult time in finding enough production that meets certain quality standards. Here, there is a clear rationale for a 4P partnership, as it can be worthwhile and profitable for an enterprise to invest in its supply base.

Even in volatile markets, it can still be worthwhile to explore 4P opportunities, even if it only concerns pilots. During interviews, the 4P partners indicated that in the end, they all prefer long-term, stable relationships over insecure, short-term benefits.

Key lesson:

The structure of the market affects the opportunities and design of a 4P. Some market dynamics are less suitable for a 4P partnership, as is often the case with saturated, unregulated or unstable markets. But when there is a stable market and clear investments are needed to meet a certain market demand (for example to meet high quality standards), there is a clear rationale to build long-term 4Ps.

In case of an unregulated market like the sesame partnership in Uganda, it might have been better to just start with a 'pilot 4P'; only agreeing on small percentages of production until the price wars have calmed down.

Cowpea, Senegal

Cowpea as an opportunity for rural development: a stakeholder platform building trust for a strong value chain

Location: Diourbel, Senegal
Name lead company: Seddoo Ndam
Value chain: Cowpea
IFAD-funded project: Agricultural Value Chains Support Project (PAFA) and Project Extension (PAFA-E)
4P investment: NA

Results since the start of the 4P
Number of farmers included: 95 (24 women)
Average income increase of producers:
Men: 70% / Women: 81%
Profit growth for company: 45%
Number of jobs created: -

Background

Cowpea, a highly nutritious pulse, is increasingly recognized as a product contributing to food security in rural areas in Senegal. Its value chain has potential for further development, as cowpea is still barely known in most of the rural areas, whereas it is a potential substitute for local traditional cereals like millet or maize. Since the governmental rural development programme PAFA decided to invest in its strategic development, yields have strongly increased and a growing number of producers have been able to generate substantial revenue from it.

The 4P partnership

Along the value chain, strategic partnerships between producer organizations and private buyers have slowly started to emerge, and supply has started to meet demand. For this reason, PAFA has motivated the set-up of the Cowpea Value Chain Roundtable (CNIF), which brings together value chain stakeholders to coordinate activities along the value chain. Among those activities, the roundtable has been recognized as a key player in brokering 4Ps. Each season, it links processing companies with producer organisations, ensuring that supply meets demand, and vice versa. Although this set-up has been slightly different from other Partnering for Value countries (brokering 4Ps per season instead of brokering long-term 4Ps), the platform has created enough trust among key stakeholders in the cowpea value chain to lead to increased investments by value chain stakeholders; processors have improved their processing capacities, and overall quality and diversity of cowpea products has increased.

One of the stakeholders benefiting from the platform has been Seddoo Ndam, a small-scale cowpea processor in the region of Diourbel, which has been involved in 4Ps since 2013. As a pioneer company in the cowpea value chain, the processing unit has overcome a range of barriers to expand its range of products and grow their business, while promoting fair business deals with producers with the help of 4Ps.

Key learnings

Seddoo Ndam became a member of the PAFA-E program and the Cowpea Roundtable as it strongly believed that it would provide new business opportunities; only a few processors were processing cowpea on a semi-industrial scale in Senegal at that time. Seddoo Ndam already processed cowpea into enriched flour for infants, but their objective was to keep innovating with products. Membership of the roundtable has provided them a more steady and increased access to quality cowpea production, which has enabled them to experiment with more innovative products.

PAFA-E providing incentives (such as training) for farmers to produce cowpea, and the Cowpea Roundtable guaranteeing buyers for cowpea, has helped farmers to gain trust in cowpea production. Additionally, the Roundtable has provided a platform for the producers to voice their needs, and to discuss these needs with other value chain stakeholders.

Although the set-up of Partnering for Value in Senegal has been slightly different from other countries (working with value chain roundtables and seasonal 4Ps), the Roundtable set-up has clearly provided trust for value chain actors to invest in cowpea production. It has also provided smaller value chain actors (smallholder farmers as well as small processors) to become included in the cowpea market. Such a 4P set-up has led to opportunities and impact for these small value chain stakeholders, and is a very different situation from for example working with Olam in Uganda and Mozambique.

At the same time, taking these smaller scale value chain stakeholders as a starting point has implications for the scalability of the partnerships. Most of these value chain actors, as for example Seddoo Ndam, have started more as a social, not-for-profit business, with no dedicated full-time staff and no clear business strategy. For this purpose, SNV has provided additional business support to Seddoo Ndam. Together they developed a growth strategy consisting of a new marketing strategy, support to get the necessary authorizations and registrations, and developing an accounting system to build trust with financial institutions. However, switching from informal business practices to a formal business structure also has disadvantages for such actors (e.g. tax payment) and can create reluctance to further scale.

4P Partner	Role
Private sector: Seddoo Ndam	• Offering annual purchasing agreements with higher price than the market in return for good quality • Improve business plan to get access to grant for investment in new equipment (dyring racks, tricycle, packaging machine)
Public sector: PAFA-E	• Capacity building and grants to producers • Technical and financial support to the Roundtable
Producers: Producer organizations close to Seddoo Ndam	• Production of cowpea in compliance with quality standards

Red beans, El Salvador

From relying on institutional donors to doing business in the commercial market: the case of the Acoproerick cooperative

Location: Department of Usulután, El Salvador
Name lead company: Acoproerick
Value chain: Red beans
IFAD-funded project: AMANECER RURAL
4P investment: AMANECER RURAL $40,500 Acoproerick $27,000 / World Food Program (WFP) $75,000

Results since the start of the 4P
Number of farmers included: 19 (7 women)
Average income increase of producers: 9%
Profit growth for company: 8%
Number of jobs created: 34

Background

Red beans are an essential part of the basic diet for most Salvadorans; sufficient production and an accessible price is therefore a strategic objective for the government of El Salvador. El Salvador has turned from a self-sufficient country in bean production during the seventies, to a net importer since the end of the twentieth century. Production has increased in the last years due to attractive growth in farm prices and better crop promotion policies; however, this increase in production has not been sufficient to satisfy a growing demand now covered by import from Nicaragua. Moreover, most producers are unable to expand their yield due to lacking access to post-harvest training and facilities.

For years, the World Food Programme (WFP) in El Salvador has supported local institutions in strengthening their capacities regarding food security matters. In doing so, they have also bought production directly from producers, or have been serving as a commercial reference for producers to similar institutions. With the opportunity of significant domestic market demand that is currently being satisfied with import from Nicaragua, the WFP sees opportunity to support farmers in shifting towards producing for the domestic commercial market, next to satisfying the demand from institutional donors like the WFP. However, the WFP has lacked the technical know-how to link producers to the formal commercial market.

The 4P partnership

Through the 4P partnership, the WFP has not only purchased beans, but has also put effort in learning how to link producers to the food industry. Specifically, it invested in facilities and technical assistance for the cooperative Acoproerick to process grains that will better comply with both emergency and commercial conditions. Amanecer Rural, as the public partner, provided complementary infrastructure for storage to further improve production quality and quantity, which has enabled Acoproerick to become an attractive business partner in the market.

Key learnings

Before the 4P partnership, the WFP identified the need to start cooperating more closely with producers to improve the quality of the production necessary for their social protection programs, and to reduce the costs of import and logistical distribution. At the same time, growing domestic demand has offered farmers the opportunity to produce for the commercial market, which would make them less depended on the institutional donors as their main buyer. The WFP has been trying to support the farmers in this, but due to lacking marketing capacity the WFP has not managed to properly do so. Although their projects contributed to increased productivity of farmers, it lacked a more business oriented model.

A two year commercial 4P partnership between the WFP El Salvador and red bean producers of Acoproerick, including significant investments by these partners and Amanecer Rural, has enabled producers to invest in better harvesting technology and to develop more stable production in terms of volume and quality. Although initially perceived as cumbersome, the cooperative has slowly started to realize the benefits of investing in improving quality standards. There has been clear ownership of the 4P business plan by the producers from the start; through the partnership and the investments made, Acoproerick has gotten the opportunity to take up a number of value adding activities which has helped them to control the quality of their production by themselves.

Because of these quality investments, the partnership has helped to sustainably include small farmers in the supply chains of El Salvador's formal food industry. Unlike other cases were large commercial entities are the main private actor in the value chain, in this 4P partnership the WFP acted as a bridge between the producers of Acoproerick and the demand from both commercial enterprises as well as institutional actors in the national food security system. While doing so, the WFP learned about the food safety standards of the commercial market, and then served as reference by guaranteeing the quality of the producer's grains. Such a partnership has been new to the WFP and has filled a gap left by their earlier projects focused on improving farmers' livelihoods. Thanks to support from the partnership, Acoproerick gained trust from commercial buyers.

Thus, the investment by WFP and Amanecer Rural has helped Acoproerick to respond to a clear market opportunity; a gap between local bean supply against a growing domestic demand with clear quality requirements. The partnership provided the opportunity to jointly invest in better quality, which not only benefited all 4P partners, but also helped Acoproerick to connect to the formal commercial market.

4P Partner	Role
Private sector: WFP (as the 'private' buyer of beans)	• Provide technical assistance on financial planning, product handling and management to Acoproerick • Advise on better agricultural practices to red bean farmers • Build a post-harvest and storage facility which will be owned and operated by Acoproerick, consisting of a total space of 10,000 m2 for operational activities, an administrative office, and a laboratory where humidity tests on the grains can be done to assess quality and compliance to requirements of the formal market • Purchase equipment for this facility to shuck grains, classify the beans, do the packaging, and heat and dry the beans, • Establish a long-term commitment to purchase 50% of the grain production at good commercial conditions
Public sector: AMANECER RURAL	• Provide infrastructure for experimental plots of land • Provide training for the activities required at the post-harvest and storage facility • Provide comprehensive technical services for adoption of good agricultural practices (GAPs) by the producers • Strengthen the organizational and marketing skills of Acoproerick
Producers: Acoproerick cooperative	• Promote the use of better seeds, quality standards and increased production volumes among its members • Promote the use of good agricultural practices which are supported by WFP El Salvador • Invest in the ground levelling process for the construction of the business center facility; • Invest in an automatic packaging machine

2.3 Partnerships focused on adding value versus partnerships focused on raw materials

In El Salvador, the public sector has taken up the role of strengthening rural cooperatives to take up market functions related to agro-processing and value addition. Investments in cooperatives that enable them to set-up or improve facilities like warehouses, cool chains, processing activities, etc. motivates their members to improve their productive capacities, agricultural practices and quality standards. Such developments, in turn, benefit the private sector as they see their supply chain strengthened. A 4P partnership can facilitate such investments for producer groups, as producers often cannot make these investments alone.

At the enterprise level, value addition can also be a strong motivator to start a 4P partnership, as it often needs long-term investment and commitment. For example, switching to a new production process for organic or high quality production takes time and effort for producers, and without strong support and coordination from the enterprise, producers would likely not invest in a new production process.

If there is no value addition among the 4P activities, however, the situation is different; the market dynamics around raw materials tends to evolve around price rather than quality, which leads to less incentive for enterprises and producers to enter into long-term partnerships and investments. An example is again the sesame case with Olam in Uganda, where the partnership was put on hold due to price wars and a lack of incentive by the partners to invest in each other.

The cheese 4P in El Salvador has clearly illustrated how partnerships can help cooperatives in improving their production quality; through investments by the private and public sector, a milk cooperative installed a milk cooling and laboratory facility. This helped them to improve their milk quality, which is suitable to make cheese.

However, when given the choice, producer groups involved in Partnering for Value indicated that they rather choose long-term security over a higher price, as this provides incentives for production surpluses for the market. In such cases, it can still be worthwhile to explore partnership opportunities, but rather in more open, flexible set-ups where partners slowly build trust and jointly explore where they can support each other.

Key lesson:

A strong motivator to start a 4P is when partners are interested in taking up market functions related to value addition. In contrast, when the focus is on raw materials without further value adding activities, there is usually less incentive to invest in each other and start a long-term cooperation. In such cases, we recommend to look for more open, flexible set-ups where partners jointly explore in which they can still support each other.

A coconut company in Vietnam decided to start a 4P as it wanted to switch to organic coconut production to respond to a specific international market demand.

Cheese, El Salvador

Adding value to the milk processing industry: the production of quality cheese in El Salvador

Location: Department of San Vicente, El Salvador
Name lead company: Petacones
Value chain: Dairy
IFAD-funded project: AMANECER RURAL
4P investment: $62,500 by AMANECER RURAL, $31,673 by Los Fonchanos milk cooperative and $15,000 by Petacones for technical assistance and a milk cooling and storage facility

Results since the start of the 4P
Number of farmers included: 22 (3 women)
Average income increase of producers: 7%
Profit growth for company: 7%
Number of jobs created: 7

Background

The dairy sector is one of the most important agricultural sectors in El Salvador, accountable for 17.7% of the agricultural GNP in 2011. At the same time, it is characterized by relative low productivity levels; this is mostly because the sector is based on smallholder farming (with 73% of producers owning less than 20 units of cattle), a lack of adequate grazing areas, a low number of cattle adjusted to local climate conditions, and high costs of inputs for commercial production. Therefore, current local production does not meet the needs of the industrial milk processing sector. This means that there is potential to improve, but investments are needed.

The Petacones Cheese Factory is a family business leading national cheese production, receiving high demand from local and international markets. But although Petacones experiences steady business growth, several barriers are hindering an increase in production volumes and improvement of quality, such as a low level of technology, ineffective practices and difficulties to cool the milk for producers.

The 4P partnership

Through a 4P partnership, Petacones invested in technical assistance to improve the practices of producer group Los Fonchanos, while establishing a long-term commitment to buy their milk under good commercial conditions. This technical assistance has included improvements in cattle nutrition, milking procedures, product handling and good agricultural practices. Petacones also has invested in installing and training of producers to use a small laboratory facility for quality analysis of the milk. Amanecer Rural, as the public partner, has provided additional milk collection infrastructure and cooling and storage equipment to further improve producers' ability to manage milk production. Los Fonchanos, as the producer group, has committed to and invested in improving their productive capacities through this support, reaching higher quality standards of milk suitable for cheese production. All in all, with help of the partnership, all partners invest in a production process that makes the quality of the milk suitable for cheese production, making Petacones better able to respond to the market demand for cheese, and creating a win-win business case benefiting all partners.

In the partnership the enterprise, cooperative and public sector work together to improve the fresh milk cold chain by installing local, group based, milk-cooling tanks where the individual farmers can deliver their

milk twice a day. The group takes responsibility for safe handling and storage of the milk. The enterprise collects the milk every two days and does sample testing of the quality before it is used for processing into cheese.

Key learnings

This 4P partnership started from a clear market demand; Petacones, however, had difficulties with meeting this demand as it was hard to find good quality milk that could be processed into cheese. On the other hand, before the cooling tanks were installed, the farmers could only sell their milk individually to the local market. Cooperation between the different partners has provided the opportunity to jointly invest in the machinery needed for the required quality milk. This chance for Los Fonchanos to add value has motivated its members to invest in their productive capacities. Clearly, a bottleneck could be overcome by partnering through a 4P, leveraging the partners' resources for joint investment necessary to respond to market demand.

The major challenge of the business case was to convince Los Fonchanos of the efficiency and profitability of working towards a collective goal as a cooperative, rather than working on an individual basis. From engaging in the 4P, the cooperative learned how to respond to the high quantity and quality needs of the formal market, while ensuring good management to be able to address new market challenges. By working closely with Petacones, they learned how to plan their production in an efficient way.

From the beginning, it was essential to engage Los Fonchanos in the partnering process so they could voice their needs and to gain their buy-in. Petacones, in turn, learned that investing in their supply base does provide a return on investment. By providing technical trainings, both the quality and quantity of the cheese has increased. Overcoming mistrust and improving communication with their milk suppliers including an acceptable problem solving mechanism like the 4P requires, has been a positive gain for the firm – they might also apply this to other partnerships with producers' organizations in future.

Clearly, this 4P started from a clear bottleneck that could be overcome by partnering. This has motivated all partners to improve their business and invest in value addition. Moreover, partners indicated that they also learned from this 4P for future business; especially Los Fonchanos indicated that they are better equipped to operate in the formal market.

4P Partner	Role
Private sector: Petacones	• Providing technical assistance to the milk producers • Committing to purchase the milk production from producers under favourable commercial conditions
Public sector: AMANECER RURAL	• Invest in the infrastructure and machinery needed by the producers to improve their milk production and quality • Providing technical services for producers to adopt good agricultural practices
Producers: Los Fonchanos cooperative	• Improve quality standards and production volumes acceptable for Petacones, and adoption of good agricultural practices. • Reduce environmental impact (use of water and land)

Coconuts, Vietnam

Investing in high quality products; the case of organic coconut production in Vietnam

Location: Ben Tre Province, Mekong Delta, South Vietnam
Name lead company: Betrimex
Value chain: Coconut
IFAD-funded project: AMD (Adaptation in the Mekong Delta in Ben Tre and Tra Vinh)
4P investment: AMD $54,000 / Betrimex $144,445 to invest in organic coconut production

Results since the start of the 4P
Number of farmers included: 322 (69 women)
Average income increase of producers: 183%
Profit growth for company: NA
Number of jobs created: 731

Background

Organic coconut production is providing profitable opportunities for the coconut sector in Vietnam, as increasing demand is expected from the US and Europe. However, a lack of technical support, a neglected local extension system, low production quality and a lack of market information are hindering further development of the sector. Betrimex, a company originally specialized in traditional coconut products, is investing in a new factory to produce organic coconut juice and milk for export.

The 4P partnership

Organic production, as compared to the traditional production model, is technically more complex; producers need to make more upfront investments in terms of effort and more expensive inputs, which means that producers are not easily convinced of changing their production system. Therefore, a partnership to support producers in switching to organic coconut production was necessary. In the 4P model, Betrimex paid for and provided the appropriate inputs, training services and quality verification to enable small-scale producers to significantly improve their production quality and practices. In support, Betrimex entered into long term agreements with the producers, thereby committing to support them in changing to organic certified production, while the producers commit to supplying their production to the company in adherence to agreed conditions. Farmer loyalty is important for Betrimex as it is investing in changing the production system. This is supported by the contribution of AMD Ben Tre as the public partner, who has provided a matching grant and acts as a liaison between the company, farmers' organizations and local authorities.

Key learnings

For Betrimex, the 4P partnership has helped the company to effectively develop and expand its sourcing zone of high-quality organic coconuts to better respond to a higher market segment's need. Next to Betrimex' investment, public funds and resources were needed; the 4P partnership granted the company with access to financial and technical support from both local government and international experts and organizations. Often, a highly integrated business model (e.g. contract farming) is necessary for commodities which require high food safety standards and traceability.

During the partnership brokering process, farmers learned to understand the terms and conditions in a purchasing contract and learned to negotiate terms such as sales price, input provision, technical support, guaranteed output purchase, and duration of the contract with traders. They learned the benefits of working with long-term contracts; for instance, such contracts allow producers to benefit from technical advice on organic production, managerial expertise through the application of farmer field books, a guaranteed market, better farm management and most of all, provision of sustainable and increasing household income. Such a long-term contract and partnership between Betrimex and the producers has been necessary for transforming the production process. The producers were involved from the start of business case development, as the producers needed to understand the benefits of a new (organic) production process to get them on board. In the end, partnering enabled joint investment by the partners to start a production process that ensured better quality needed for international markets.

4P Partner	Role
Private sector: Betrimex	• Development of the organic coconut production area at Giong Trom district, Ben Tre province • Provide inputs to farmers (organic fertilizer, bio-plant protection) in compliance with standards of organic cultivation • Capacity building on agrochemical management and farmer group organization • Verify organic coconut production
Public sector: AMD	• Providing co-funding for project activities • Provide support and guidance on the establishment of farmer groups • Certify the contracts and monitor contract performance
Producers: Coconut farmers in Ben Tre	• Sign supply contracts with Betrimex, committing to supplying their production in adherence to the agreed conditions • Attending technical trainings • Keep records of their farming activities in compliance with organic cultivation requirements

2.4 Equal participation by all partners

A 4P partnership ensures that smallholder producers are respected partners and not just the receiving end of public-private partnerships (PPPs). There are important asymmetries in the balance of power that can be addressed by 4Ps. Typically, smallholders are not well equipped to negotiate with public and private actors. It is important to ensure the transparency, fairness and accountability of these partnerships, taking into account the different capacity levels of each partner. The devil is often in the details of PPP business cases when it comes to price-setting mechanisms, contract development, payment modalities, partnership governance issues, ownership and coordination.

Introducing the 4P concept can help to identify and address these issues from the outset. However, equal participation and co-ownership of the 4P business case by all partners should be a continuous priority from the design until the implementation stage. This means that capacity building might be needed to achieve an actual meaningful partnership. One could think of building negotiation and business management capacity for cooperatives and the private sector learning how to do business with smallholder producers.

We have seen examples where the 4P partnership was developed without full involvement of the producer partners, such as the sesame case in Mozambique or the chicken eggs case in Vietnam. Neither of these partnerships resulted into positive outcomes for any of the partners. Equal participation of all partners from the beginning until the end of the 4P is necessary to make it indeed a successful partnership for inclusive growth.

A promising sesame partnership in Mozambique with Corredor Agro Limitada (CAL) as the private partner was discontinued because no research had been done on the producers' needs, and the 4P business case turned out to be not realistic nor profitable.

Key lesson:

Equal participation and co-ownership of the 4P business case by all partners should be a continuous priority during 4P brokering for a successful partnership. To achieve a real meaningful partnership, capacity building is often needed for all partners.

From its 4P experience, Nguyen Thi Dung's Chicken Farm learned that in-depth understanding of producers' motivation and mind-set is necessary for a 4P model to become successful.

Chicken eggs, Vietnam

The need for meaningful inclusion for successful 4Ps: the case of a failed partnership for chicken eggs production

Location: Tra Vinh Province, Mekong Delta, South Vietnam
Name lead company: Nguyen Thi Dung's Chicken Farm
Value chain: Chicken eggs
IFAD-funded project: AMD
4P investment: AMD $47,900 / Nguyen Thi Dung's Chicken Farm $210,063

No results have been documented

Background

In Vietnam, poultry production plays a crucial role as it provides households with valuable protein sources as well as income opportunities. Due to urbanization, a rapid growing population, and a desire for a healthy lifestyle, demand for innovations in Vietnam's livestock industry is urgent. The Ministry of Agriculture and Rural Development forecasted that Vietnam's demand for eggs is set to double, while demand for poultry meat is expected to triple by 2020. However, the current capacity in egg production is not able to meet local demand. Poultry and egg production in Vietnam is mainly in the hands of small-scale producers, who lack knowledge and access to production innovations, mainly due to a lack of investment capital and limited ability to prevent and control diseases.

The 4P partnership

Nguyen Thi Dung's chicken farm is a family business focusing on the production and supply of eggs to the local market in Tra Vinh in the Mekong Delta. The family business planned to invest in the construction of two chicken farms located in the heart of Tra Vinh province, as well as sourcing from local smallholder farmers. By signing contracts with these farmers, it aimed to guarantee the purchase of all their products in return for assurance of consistent quality.

As commercial egg production is new to most of the smallholder farmers in Tra Vinh, the family business set up a revolving fund with help of a matching grant of the AMD program. Participating farming households would get access to credits to invest in 300 day-old chickens per household and equipment such as a generator, light bulbs, water pipers, etc. According to the 4P business plan, the foreseen incomes of the farmers should be enough to repay the loan in two years. The family business would collect monthly repayment from the value of sold eggs of the farmers. The recovered amounts will then be made available again to other farmers for borrowing.

Key learnings

After a year of implementation, Nguyen Thi Dung's Chicken Farm achieved quite some success; it established a semi-industrial farm with 17,000 chickens, which is the first professional semi-industrial chicken farm in Tra Vinh province. It has received recognition from the community and district and provincial authorities and has been encouraged to scale up in the province.

At the same time, the 4P business model faced a critical challenge: Nguyen Thi Dung's Chicken Farm has not been able to recruit any smallholder egg producers for the model. The enterprise planned to do the selection

of producers after the finalization and approval of the 4P business plan, assuming that enough producers would be interested to join. In collaboration with AMD and communities' people committees, the family business then organized workshops at both community and district level to officially introduce the 4P business model and invite producers to join the project.

But although the plan received strong support from local authorities, farmers have remained reluctant to invest in the business model. The required investment amount was considered too high by the smallholder farmers, or they did not want to take the risk to make the investment. Moreover, most farmers were already in debt as they preferred to take credit to invest in cows, which is traditionally and culturally more attractive. They also found it hard to understand the potential long-term benefits of participating in the 4P partnership.

Clearly, to ensure the success of the 4P model, there is a need for earlier and in-depth understanding of producers' mind-set and local context. A feasibility study is one of the most critical activities that must be done during conceptualization of the 4P business plan. In this 4P case however, the 4P model was rather based on financial analysis and former success of the company, rather than on a recent, on-the-ground study.

Obviously, 4P business plans need to be assessed not only from the perspective of the market, but also from the production side. Voices of all partners should be included throughout the 4P process for a real meaningful partnership, starting from the project design stage. In this specific case, local producers were not involved from the beginning, and not included in preliminary studies. The other partners were confident about the business model because of its predicted high rate of return for the producers, but forgot that poor farmers are often highly risk averse.

4P Partner	Role
Private sector: Nguyen Thi Dung's Chicken Farm	• Set up of production line in Tra Vinh with 20,000 chickens • Provide input (chicken breed) in the form of revolving fund • Technical assistance, training, quality control • Procure input materials (animal feed and medicine) • Purchase outputs of producer households
Public sector: AMD	• Infrastructure and policy support • Act as a liaison the enterprise and producer households • Set up a micro-credit management system for the project
Producers: 90 smallholder producers in Tra Vinh	• Production of chicken eggs in compliance with the family business' technical requirements • Commit to schedule principles of contract

Sesame, Mozambique

Learning from experience in Mozambique: the need for co-ownership of a 4P business plan by all partners

Location: Nampula Province, Mozambique
Name lead company: Corredor Agro Limitada (CAL)
Value chain: Sesame
IFAD-funded project: PROMER
4P investment: PROMER $250,000 / CAL $252,273

No results have been documented

Background

Sesame is a high value export commodity with a growing market, especially in Asia and the Middle East. Mozambique has started to emerge as a promising country for sesame production. Nevertheless, national production is still relatively small compared to its competitors like Ethiopia and Tanzania. For producers, a lack of input suppliers in rural areas causes several constraints for growing sesame. For example, farmers lack access to higher quality seed material, to labour, to pesticides, and the financial credits to pay for these inputs. Despite these bottlenecks, there are also opportunities to change the situation. Growing demand makes stepping into the sesame market attractive for the private sector as well as for investors willing to invest in sesame.

The 4P partnership

Although this 4P partnership was not brokered as part of Partnering for Value, lessons were taken from this case to improve brokering practice during the project. This 4P business model sought to develop the sesame value chain in Mozambique by addressing a lack of input suppliers, high quality seed material and finance for producers, by linking producers to Corredor Agro Limitada (CAL) through an out grower scheme. Corredor Agro is a multinational company active in Mozambique, Tanzania and Zimbabwe. Before the development of the 4P, CAL had been operating for 18 months in the sesame value chain in the Nampula province. This were their first activities in sesame in Mozambique.

In the partnership, CAL would provide inputs, land preparation, credit and advice to enable farmers to significantly improve yields and quality of their sesame production. PROMER, as the public partner, brokered the partnership and provided matching grants.

Key learnings

While deliberate time was taken to broker the 4P, to connect the partners and to develop a 4P business plan, a number of issues during the following implementation phase have led to the premature ending of this 4P. This was mostly caused by non-validated, wrong assumptions in the initial 4P design, caused by a lack of producer involvement in the design process and a lack of proper research to come to realistic targets.

These wrong assumptions led to a number of challenges in practice. During implementation, it turned out that the number of farmers able to meet the criteria to participate in the 4P, were way below the contractual target of 3,000. Reaching this target was necessary to become eligible for the matching grant of PROMER. This eventually led to CAL having to expand to neighbouring districts. This not only increased operational costs, it also had limited equipment and capacity to provide land preparations in this wider area.

Another setback, which was also a result of the erroneous design of the 4P business plan, was a lack of liquidity at the side of CAL. CAL faced a lack of commitment from its investors, but also faced barriers in gaining access to capital from banks, as they were relatively new in the region and did not have sufficient financial records to prove their competence. This affected their liquidity for the agriculture season. In the end, CAL even faced difficulties buying the produce from the farmers. This meant that CAL had to break their promise of buying sesame from the farmers at the agreed date, which led to reduced trust of the farmers in the 4P partnership. Eventually, CAL did not have enough funds to continue their operations, and was forced to leave the Mozambique market.

Despite the premature ending of the partnership, some important lessons were learned on the practice of 4P brokering. First of all, 4P business plans need to be based on validated research to come to realistic targets; secondly, earlier engagement and co-ownership by all partners, including the producers, leads to a more realistic and sustainable 4P; thirdly, not only producers, but all partners including the enterprise need to build capacity in order to develop a successful 4P. This case has clearly shown that not all partners, including the private partner, might be ready for a long-term partnership. Last, flexibility is needed to enable continued learning on 4P practice. Contractual targets such as the need to engage with 3,000 farmers when this is not feasible, could be made more flexible to enable 4P partners to learn on the way.

Despite the premature dissolution of the 4P, the involved producers still experienced benefits through an increased knowledge on organising as group, on managing contracts with potential off-takers, on best practices in sesame, and continued selling of sesame to other buyers. PROMER, as the public partner, also learned from this experience and used its lessons to improve their future 4P brokering practices.

4P Partner	Role
Private sector: CAL	• Providing inputs, land preparation, credits and advice to enable farmers to significantly improve yields and quality of the produce • Investments in farming infrastructure (sheds, houses, land clearance), equipment • Technical advice, overseeing the outgrower operations
Public sector: PROMER	• Providing a matching grant to complement CAL's investment in infrastructure • Provide training material for farmer trainings
Producers:	• Enter an agreement with CAL to producer certain volumes of sesame • Participate in trainings for improved seeds and practices for sesame production

2.5 Scalable partnerships: working towards future investments

From the perspective of IFAD, governments and donors, 4Ps create opportunities to scale up development results. Using a 4P approach within an IFAD-funded project can help to leverage private investment, strengthen policy dialogue, secure technology, and utilize other actors' social and political capital to scale up positive results in a sustainable manner. Combining public goods, financial instruments and contractual arrangements with small farmers and agribusinesses through 4Ps can attract additional resources and support from banks, equity investors, input suppliers and other value chain suppliers.[4]

Experience from Partnering for Value has shown however that attracting external investments from banks or other financiers is not an easy process for 4P partnerships in practice. Investors only consider making investments if there is a clear business plan, a solid business model and verified financial statements. Most partners of the 4P partnerships under Partnering for Value were not at the point that they were able to show these.

The key starting point of selecting enterprises and producer groups for 4Ps is that they demonstrate an entrepreneurial and commercial mind-set and are willing to invest in their business management performance. A clear vision or point on the horizon helps the partners to work towards becoming bankable in future. In almost all cases, capacity building and support was needed for the partners to develop the right business administration systems. It is important that future bankability of the partners should be seen as a goal of the partnership from the start, in order to be able to eventually scale.[5]

Key lesson:

To scale the impact of 4P partnerships, a clear vision needs to be formulated to help the partners in working towards becoming bankable to leverage investment. At the least, partners have to demonstrate an entrepreneurial mindset, and capacity building and support in business management is key.

4] IFAD, 2016. How to do – Public-Private-Producer Partnerships (4Ps) in Agricultural Value chains. See https://www.ifad.org/documents/10180/998af683-200b-4f34-a5cd-fd7ffb999133

5] SNV and TheRockgroup wrote three Vision Papers on financial brokering for 4Ps, see http://www.snv.org/update/developing-and-implementing-fully-financed-4p-business-cases.

Agrinet, a soy bean processor in Eastern Uganda, received support from a business service provider to work on the necessary documents required by potential investors to become eligible for finance.

Soy bean, Uganda

The road to scale: working towards the bankability of a partnership in soy bean

Location: Bulambuli and Tororo Districts, Uganda
Name lead company: Agrinet
Value chain: Soy bean
IFAD-funded project: Vegetable Oil Development Project – Phase 2 (VODP2)
4P investment: Agrinet $91,000

Results since the start of the 4P
Number of farmers included: 50 (30 women)
Average income increase of producers: 200%
Profit growth for company: 19%
Number of jobs created: 2

Background

Soy bean producers in Eastern Uganda have extremely low levels of production, with many producers still in unorganised groups and clusters. Smallholder producers often face challenges regarding accessing quality seeds, and tend to opt for lower quality (and relatively cheaper) seeds which fail to germinate and are easily affected by pests and diseases. These factors have diminished soy bean production in recent years. The milling facilities in Eastern Uganda operate below installed capacity, due to low levels of productivity and short-term market relationships between processors and producers. Processors are forced to buy through commission-based agents who are able to bulk higher quantities. However, they prefer to work directly with smallholders in order to source grain to their exact market requirements.

The 4P partnership

By working with a group of organised and trained farmer groups, this partnership sought to address the above challenges and develop a long-term relationship between public-private and producer actors. AgriNet required soy bean for their poultry and animal feed processing business, as well as for exports for the East African region. However, AgriNet received an average of only 80% of its requirements.

The 4P model therefore hinged on the market opportunity that AgriNet provides, through creation and strengthening of a supply relationship between AgriNet and soybean producers in Bulambuli District, thus addressing an AgriNet's existing and unmet supply need for higher volumes of soybeans. The private sector would communicate their buyer requirements to producers and provide training in post-harvest management. AgriNet also sought to secure additional financing in order to invest in its procession capacity.

Key learnings

From the beginning of the partnership, there has been a strong commitment to the 4P by all actors. This was largely due to trust building amongst all actors by the broker[6], who planned a number of joint activities. This strong working relationship driven by the broker is what

6) In each Partnering for Value country, different brokering set-ups were used to build the 4Ps. Whereas in other countries SNV staff brokered the 4Ps directly, in Uganda independent service providers were hired to broker the partnerships. These service providers had already worked for VODP2 and were familiar with the oilseed market.

gave AgriNet confidence to make a cash advance to the producer group as opposed to traders and agents in that area.

One of the more innovative dimensions of this 4P was the investment brokering, as Agrinet also sought to secure additional financing to invest in its processing capacity. It turned out that investment brokering is a highly intensive process that requires clear and verified documents in order for it to be successful. Careful selection of 4P partners is in this sense important, as institutional strength is often directly correlated with financial readiness. Relatively 'young' enterprises like Agrinet, or newly formed cooperatives/producers groups, are less likely to have the required documentation. However, this should not be looked at as a hindrance to accessing finance, but rather planned for with capacity development in these areas. Financial readiness should therefore be assessed at the start of a partnership and the potential impact it might have on a partnership arrangement. It is essential that future bankability of the partners should be seen as an important goal of the partnership from the start.
In the case of Agrinet, its financing needs had to be formulated beyond the 4P specific activities. This shows that the ability of 4P as a business strategy under this program has been too small to attract finance. This does not however translate into all 4P cases alone being unattractive for financing. Where 4Ps involve larger volumes and considerably large producer groups, these may present attractive financing opportunities.

At the same time, experience has shown that companies like Agrinet that present viable investment opportunities are caught in a catch 22. They require financing to reach a critical scale in their business, however they also need (costly) support to put systems and structures in place that financiers require. This case is a good example for the need to imbed business development services for partners within the 4P to address weak areas and improve bankability. It also shows that commercial investors may never be suitable to finance 4P partners given their often inflexible and unfavourable terms. A public grant facility might be needed that either pays for the business development support to improve bankability or provides a catalytic fund to enable enterprises to reach the critical scale of business.

4P Partner	Role
Private sector: Agrinet	• Sign off-taker agreement with producers to buy soy bean production • Provide key inputs, including tarpaulins and bags • Pre-finance producers through seed supply • Work with 4P brokers on a bankable business plan
Public sector: VODP2	• Capacity development of farmer groups to meet quality requirements of Agrinet, involving trainings on organizational development, financial management, farming as a business and good agronomic practices
Producers: TAABU cooperative	• To produce, bulk and supply soy bean in accordance with Agrinet's requirements through their 17 affiliated groups • Quality control • Facilitating the process of accessing finance and insurance

3. Conclusions

This paper has taken lessons from the 4P business cases brokered under Partnering for Value, and summarised them in key factors that influence the success of 4Ps. Some of these factors confirm findings of earlier studies[7], others are new insights. Concluding from the cases, the main factors that influence 4P results are the **size of the private enterprise** as a partner in the 4P, the **structure of the market** in which the 4P operates, the partnership's **focus on raw materials or value adding activities**, the **level of co-ownership** of the 4P business case by all partners, and the extent to which the partnership has a **long-term vision on leveraging investments and scale**.

One major conclusion from the Partnering for Value project is that there is indeed a sound basis for the role of 4Ps in rural development and scaling up development results of IFAD-funded projects. If there is a clear rationale, a long-term partnership between the private sector, the public sector and small-scale producers is indeed a way to contribute to the development of agricultural value chains. At the same time, the different cases illustrate the complexity of designing and implementing successful 4Ps. The key lessons identified in this paper show that many factors need to be taken into account to increase the likelihood of success and benefits for all partners.

Moreover, it needs to be noted that many of the 4P cases mentioned in this paper only lasted two agricultural seasons when Partnering for Value ended, which made it difficult to take long-term results into account. More evidence is still needed to confirm when and how these factors influence 4Ps. However, these learnings from practice already provide valuable grips on developing 4P partnerships in practice, and provide support for partners and brokers in developing 4Ps in such a way that they result in better development outcomes and contribute to strong value chains.

7) Such as IFAD, 2016, How to do – Public-Private-Producer Partnerships (4Ps) in Agricultural Value chains and IFAD and IDS, 2015, Brokering Development: Enabling Factors for Public-Private-Producer Partnerships in Agricultural Value Chains

Annex I

The Partnering for Value project and the 4P partnerships were specifically linked to ongoing IFAD investment projects as the public partner in the 4Ps. These were:

VODP2: In Uganda, the Partnering for Value project was linked to the IFAD-funded **VODP2** (Vegetable Oil Development Project). VODP2 has a combined regional and sectoral development objective to strengthen the oilseeds sector (sunflower seeds, sesame, soy and groundnuts) in Northern and Eastern Uganda. The primary focus is to improve productivity of smallholder farmers and establish market linkages with agribusinesses through hired service providers. The Partnering for Value's role was to develop a 4P brokering mechanism to strengthen the development of market linkages next to VODP service providers to yield the desired results.

PAFA: In Senegal, the project was linked to the **PAFA** (Projet d'Appui aux Fillieres Agricoles) and PAFA-extension programme (**PAFA-E**). PAFA was already working with a PPP system which Partnering for Value has been refining. PAFA has a strategy that supports producer groups to transform into SMEs through (in most cases) a cottage industry approach. The PAFA beneficiaries are divided in producer associations, processors and marketing enterprises who are linked through Value Chain Roundtables (CNIF). The different actors and the value chain networks are supported through a reclining subsidy approach. The Partnering for Value project has worked on strengthening enterprise management systems and business capacity building as this was seen as the limiting factor for sustainability and further growth of certain value chains. The project has also supported some of the CNIFs in professionalising their services to members.

PROMER: In Mozambique, the project was linked to **PROMER**, a multi-component rural market development program. The program has built in a component for the public sector to set up PPPs, but as the public sector did not have capacity to do so, Partnering for Value was called in to strengthen this system. PROMER has an investment component through which it can co-invest (up to 50% and $ 250K max) in agro-enterprises, which has mainly gone to hardware. PROMER also has a service provision component like VODP2, which focuses on producer and producer group services, including making market linkages.

AMD and SRDP: In Vietnam, the project was linked with the Program for Adaptation to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces (**AMD**) and the Sustainable Rural Development for the Poor Program in Ha Tinh and Quang Binh Provinces (**SRDP**). Both programs have regional market development objectives and are meant to establish a number of PPPs. However, due to lack of capacity and capability in the public system as well as a weak developed agro-PPP legislation which allowed little room for investment, the program had failed to do so. Again, this is where Partnering for Value came in. AMD and SRDP also have a co-investment fund to support enterprises.

AMANECER RURAL: In El Salvador the project was linked to the National Programme of Rural Economic Transformation for Living Well – specifically to the Rural Adelante and Rural Territorial Competitiveness projects (**AMANECER RURAL**) which aim to strengthen rural cooperatives to take up market functions related to agro-processing and value addition. The program is investing in the cooperatives to set-up or improve facilities like warehouses, cool chains, processing activities, etc. Partnering for Value was called in to support the project in establishing sustainable links with (potential) buyers through development of 4P business planning exercises, coaching and mentoring.

SNV is a non-profit international development organisation, working in Agriculture, Energy, and Water, Sanitation & Hygiene. Founded in the Netherlands in 1965, we have built a long-term, local presence in more than 30 countries in Asia, Africa and Latin America.

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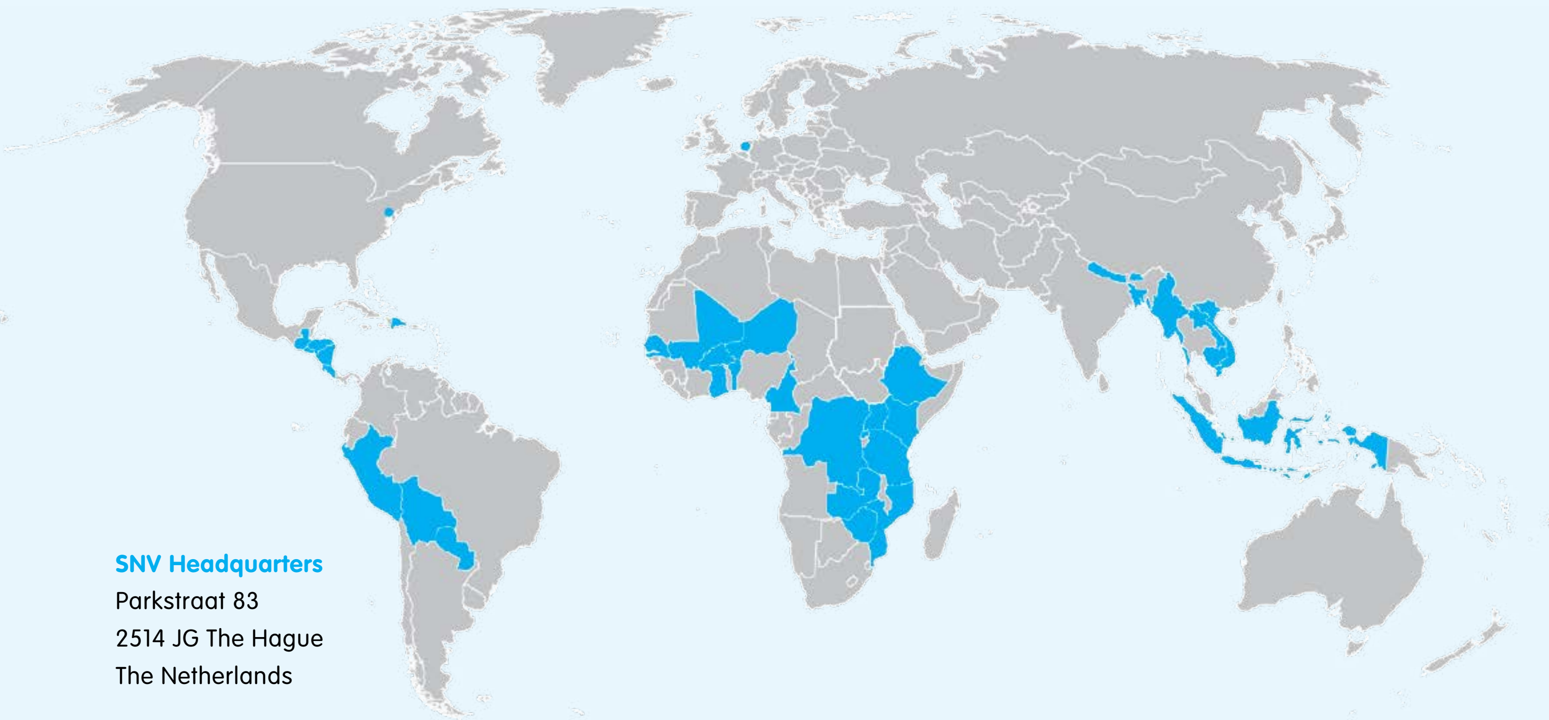

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