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# Building Alliances Series:

# AGRICULTURE

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# GDA SECTOR GUIDE: AGRICULTURE

**Welcome USAID Alliance Builders!**

Public-private partnerships done right are a powerful tool for development, providing enduring solutions to some of our greatest challenges. To help familiarize you with the art of alliance building, the Office of Development Partners / Private Sector Alliances (ODP / PSA) office has created a series of practical guides that highlight proven practices in partnerships, demonstrate lessons learned, and provide insight on identifying and designing strategic partnerships that will meet your sector-focused development objectives.

The purpose of this guide is to provide tips for building public-private partnerships in agriculture. Whether you are new to alliances or a seasoned expert, in the following pages you will find ideas, resources, and information that remove some of the mystery behind alliance building in this sector. Additionally, we hope this guide will inspire you, with its stimulating questions and partnership examples from around the world, to think creatively about designing alliances that will address key challenges wherever you are working. Although the series includes partnership examples from many organizations, the guides emphasize USAID's **Global Development Alliance (GDA)** model of alliances.

While this guide is meant to promote your partnership efforts in agriculture, it represents only part of the agriculture alliance information available. There are also additional resources and guidance readily available to you on the GDA website: http://usaid.gov/GDA.

*The terms "alliance" and "partnership" are used interchangeably in this guide.

# ALLIANCE MODELS IN AGRICULTURE: WHAT WORKS?

Alliances in the agriculture sector can achieve a wide range of objectives. If you are designing a new partnership, take some time to review what has already been successful. Below are ten models of agricultural alliances that have been implemented by USAID and other organizations, as well as some promising new trends. While both the categories and the examples may overlap, the models should provide a good place to get started.

## *MODEL 1: FACILITATING MARKET ACCESS*

One of the most important contributions that can be made by the private sector in an agricultural alliance is providing or expanding access to markets. Private sector actors contribute valuable expertise on technical issues such as increasing the volume or improving the quality of a certain product, in addition to buying or sourcing end products from farmers or processors. Agribusinesses or agriculture-related companies can also provide critical market information on desired product specifications like variety, size, color, moisture content, sugar content, timing and packaging requirements.

In Zambia, the **Milk Collection Alliance** (2002-2005) developed by USAID, the Agribusiness Technical Assistance Center, local company Finta Dairies and implemented by CARE International resulted in a milk collection center that provides a new market for local dairy farmers. More than 350 small-scale farmers in one district were linked to Finta Dairies, a large agribusiness milk processor. Finta Dairies conducted hygiene training for the farmers so that they could meet the company's sanitary requirements. Japanese aid provided cooling equipment and USAID coordinated efforts and provided funding. The milk collection center allowed local farmers to earn more by expanding market access and decreasing milk spoilage. Food security was also improved. In addition, the International Executive Services Corps supported this endeavor by providing bookkeeping training to the farmers to improve efficiency in management of funds.

**Brazil's Responsible Sourcing Program** (2008-2010) is an alliance among local coffee farmers, Walmart, Sam's Club, Transfair USA, and Brazilian NGOs that increased Brazilian Fair Trade coffee exports by 38%. USAID invested in basic farm and cooperative infrastructure needs such as office space, computers and farm equipment, while Walmart and Sam's Club provide technical expertise, business acumen, and a new market for the coffee. The alliance provides technical assistance and improved equipment to more than 150 farmers. In addition, Sam's Club has included three Brazilian coffees in its new "Sam's Choice" Fair Trade coffee line.

## MODEL 2: UPGRADING THE VALUE CHAIN

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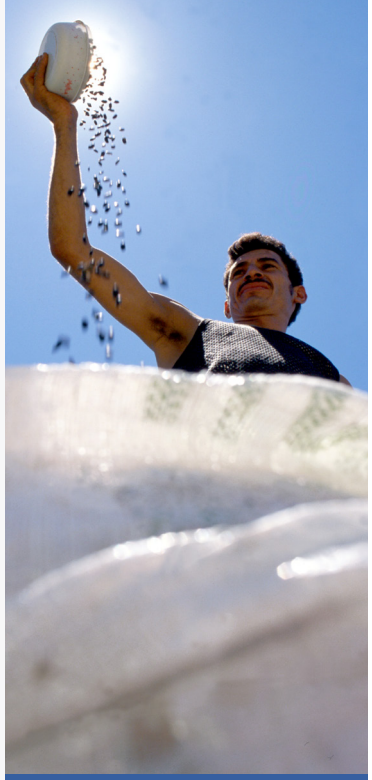
Alliances that focus on upgrading an agricultural value chain can concentrate on increasing the volume and improving the quality of production; facilitating access to better inputs; developing or producing higher-value processed food products; increasing the efficiency of one or more producers through developing producer groups; or introducing a new technology at a certain point along the value chain. Alliances can also combine one or more of these actions.

USAID formed an alliance with Dunavant Enterprises, the world's largest privately-owned cotton merchandiser, to develop the **organic cotton industry** in conflict-affected areas of Northern Uganda. In addition to funding, USAID provided assistance in clarifying the land rights of displaced farmers who were returning home. Dunavant and USAID jointly donated tractors and machinery to clear two acres free of charge for any family's first season of growing, with one acre to be used for cotton and the other for food crops. Dunavant also provided technical assistance in the areas of farming techniques and product marketing and pricing. Over the life of this alliance (2006-2009), 12,000 farmers in four districts are expected to receive training in organic farming methods.

Average cashew yields have more than doubled since USAID teamed with more than a dozen private and public sector partners to form the **Kenya Horticulture Development Program** (2003-2009). The alliance has not only increased production to 10-20 kilograms per tree, but also trained 5,000 farmers in the latest and most efficient cashew growing and harvesting techniques. Under the project's first phase, 120 staff received training and materials in production, pest management, and post-harvest practices; the staff was then able to reach farmers in remote areas beyond the reach of any centrally located organization. Not only has the project been a success, but in the process created a sustainable infrastructure of trainers and local partners.





## MODEL 3: APPLYING THE POWER OF SCIENCE AND TECHNOLOGY

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The need for food continues to grow in the developing world, yet using ever more land for planting crops may not be a sustainable strategy. Furthermore, global climate change creates additional challenges for agriculture as temperature and precipitation patterns shift and water and energy for agriculture must compete with other uses of these increasingly scarce resources. On the other hand, science and technology can be used to increase agricultural productivity: increasing yields and protecting crops from drought, pests, and disease; mitigating and adapting to climate change; lowering costs; and improving food storage and nutritional content. Private companies are already involved in researching and developing innovative solutions for agriculture, and may see alliances as a way to increase market access or gain market share.

Beginning in 2009, USAID formed an alliance with Arcadia Biosciences, a small **biotechnology** company in California, **to develop new rice and wheat varieties** for India that are tolerant to drought and salinity and use nitrogen more efficiently. Arcadia will partner with Mahyco, a leading developer and seller of crop seeds in India, to develop these new varieties and bring them to the market. The new varieties will increase the value of farm crops, increase the efficiency

of production, reduce nitrogen runoff and greenhouse gases, conserve scarce fresh water and provide a buffer against changing climatic conditions. USAID is providing initial funding, Arcadia and Mahyco are contributing research and development, and hope to gain market share if the new varieties are successful.

Providing farmers with **information on good agricultural practices via voicemail** is a "quick win" solution that has shown impressive results. In an ongoing partnership between the BT Group (also known as British Telecom), Cisco and the NGO OneWorld, the **LifeLines India Partnership** demonstrated a 20 to 30% increase in productivity among users. The service is simple: farmers can dial a fixed voicemail number (using technology provided by BT) where they can record their questions about agriculture issues. A dedicated knowledge worker then finds the answer through a panel of agricultural and veterinary experts, using an innovative Internet-based application developed by Cisco. Farmers can retrieve the answer by voicemail at a cost of about US$0.11. Since the partnership began in 2006, more than 100,000 farmers have been supported.

***"Partnerships in biotechnology are an obvious way for USAID to advance our work; in reality, we've been doing them for quite a while. A lot of the cutting-edge agriculture-related technology is in the private sector so if we want to access it for development, we have to create partnerships."***

- SAHARAH MOON CHAPOTIN, EGAT/ESP/IRB

## *MODEL 4: STRENGTHENING GROWER NETWORKS & COOPERATIVES*

"Grower networks or co-operatives bring together farmers for joint training, provide easier access to shared inputs, marketing, and other activities that will benefit all members. Companies often prefer to work with co-ops, spreading the cost of technical assistance and maximizing exposure to new or proprietary technologies.

In Rwanda, alliances are at the center of the Sustaining Partnerships to Enhance Rural Enterprise and Agribusiness Development (SPREAD) program. Many SPREAD partnerships focus on the potential of Rwandan coffee, but the SC Johnson Company joined SPREAD to **strengthen farmer associations** for pyrethrum, a natural insecticide extracted from dried chrysanthemums. SC Johnson identified the flower drying process as one of the greatest challenges to consistent supply, since flowers must be harvested at just the right time and dried using specific techniques. The alliance, formalized in mid-2009, focuses on working with farmers to set up a co-op that promotes best practices for chrysanthemum collection, drying and transportation. Both USAID and SC Johnson are funding the alliance. In addition, SC Johnson is providing technical advice on best practices for growing and harvesting the flowers, and USAID is

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providing general agriculture assistance and alliance management. Alliance members are also helping the two largest farmer cooperatives of 4,000 farming families reorganize into smaller, more effective grower groups of 30 to 50 members.

The Cabinda Gulf Oil Company—a consortium of oil companies including Chevron—together with USAID and ACDI/VOCA formed the **Cabinda Agribusiness Development Alliance (CADA) in Angola.** The initial five-year phase of CADA focused on strengthening the capacity of local farmer organizations to meet the fruit and vegetable requirements of both the oil company (which provided many meals for its employees in the remote province of Cabinda) and regional markets. USAID and ACDI/VOCA assisted the farmer associations to strengthen business and market linkages for targeted cash crops.



## *MODEL 5: FACILITATING ACCESS TO CAPITAL*

Sometimes an injection of cash at a certain point in a value chain makes the difference between surviving and thriving. Facilitating access to capital can be a key role for both private sector and NGO partners in agriculture alliances.

Chevron jointly funded the **ProAgro Angola** alliance (2006-2011) with USAID, which included a focus on expanding access to financial services for farmers and other agribusiness enterprises. ProAgro Angola established a $15 million loan portfolio for agribusinesses lending at Banco de Fomento Angola, complemented by a USAID guarantee facility, covering 25% of all loans. The partnership provides farmers and small agribusinesses a way to establish relationships with commercial banks, as well as technical assistance in modern production and processing techniques to allow farmers to become more efficient and effective. In addition to funding and the guarantee, USAID provides technical expertise in agricultural practices, and micro- and SME financing.

Although not structured as a GDA-type alliance, the alternative loan fund Root Capital joined USAID in 2009 to provide **affordable credit to community-based enterprises** in Africa, the majority of which are agriculture-related. Rural cooperatives in East Africa have struggled to produce high value coffee for export, and have struggled to secure local financing from conventional sources. USAID is guaranteeing up to $2 million in new loans made by Root Capital to eligible community-based cooperatives in Rwanda, Tanzania, Uganda and Kenya. The loans will be secured with signed purchase contracts from specialty coffee buyers in the U.S. and Europe.

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*Microfranchising is a business model that attempts to adapt certain franchising concepts to small businesses in developing countries. Microfranchise enterprises seek to provide well-developed business plans to entrepreneurs that can be easily replicated, sometimes including ongoing training and supplies of product. Agriculture-related microfranchises are an interesting trend, and may hold potential for alliances. Take a look at some examples of agriculture microfranchises:*

*HoneyCare Africa is an innovative, rapidly expanding Kenyan social enterprise established expressly to increase the income of rural farmers. Honey Care's "Money for Honey" program has doubled the income of several thousand small scale farmers by training them in commercial beekeeping and then buying their honey at a guaranteed price.*

*Unilever's support of soybean farmers in Indonesia can be described as a microfranchise. The company supports farmers to grow black soy beans, a key ingredient in Unilever's popular sweet soy sauce, by providing a guaranteed market, technical assistance and access to finance.*

*Square Foot Gardening (outside the U.S., One Meter Squared Gardening) is a system that uses significantly less space and water than traditional gardening. The company has developed a prepackaged, no-tool-required, easy-assembled squarefoot gardens, designed to be distributed through humanitarian efforts, or perhaps to micro-franchisees.*
*Square Foot Gardening*

*Bayer Crop Sciences is focusing on food safety by working with small-scale farmers in Kenya, providing information on proper use of the company's fertilizers and pesticides, as well as general information like spraying plans. Bayer's "Green World" project trains the small traders who are established in the villages, from whom farmers buy their supplies and who are trusted by the community.*

## MODEL 6: ASSISTING AGRICULTURAL RECOVERY

Agricultural production can be devastated by armed conflict, natural disasters, extreme climatic events or prolonged bad governance. Whatever the cause of the destruction, private and public sector partners have formed alliances around their shared interests in rebuilding a country's agriculture sector to reach its full potential.

A commercial agriculture partnership launched in 2008 with Sri Lanka's Hayleys Group is **linking farmers in conflict-affected Eastern Sri Lanka to global agricultural supply chains**, including such companies as McDonalds, Burger King, Unilever and Heinz. The partnership aims to motivate farmers in this area, some of whom have been affected by Sri Lanka's 25-year conflict, to embrace modern agricultural practices and to improve their incomes from agriculture by switching to high-demand cash crops, such as cucumbers, peppers, and pineapples. The Hayleys Group is providing extensive inputs ranging from farmer training on improved agricultural practices and business management, to seeds, fertilizers and pesticides. Hayleys Group companies are also sharing their expertise in modern cultivation, harvesting, packaging and transportation methods, and by purchasing entire crops from project beneficiaries, they are linking out-growers to national and export markets. The inputs are provided on credit to the farmers participating in the pilot, and USAID has donated soil testing kits, digital microscopes for disease identification, and crates to reduce post-harvest losses.

***"I think USAID can offer partners some unique strengths in agriculture alliances -- things that make us very attractive as a potential partner. We usually have strong relationships with a country's Ministry of Agriculture and other government officials that work on agriculture, land, water or transportation issues. USAID can bring resources to an agriculture alliance that might otherwise be unavailable to the private sector or NGOs."***

- KATIE GARCIA, EGAT/AG

## MODEL 7: MAKING AGRICULTURE MORE ENVIRONMENTALLY SUSTAINABLE

Of the 11% of the world's land surface that is suitable for agriculture, 38% has become degraded by poor natural resource management practices. Unless mitigation and adaptation measures are taken, global climate change will lead to additional degradation and/or loss. With no significant room to expand areas of cultivation in many countries, and the distinct possibility that shrinkage of the land available will occur, good stewardship of the available land is necessary to maintain agricultural productivity, ensure economic growth, protect biodiversity, maintain sufficient amounts of clean water and meet the increasing food demands of a growing global population.

In Côte d'Ivoire, 40% of GDP originates from cocoa crops, yet most cocoa farmers grow their crops on impoverished soils and use poor resource management practices, resulting in low productivity and a high incidence of pests and diseases. In response, the **Cocoa Sustainability Alliance** (2006-2009) among USAID, Kraft Foods, Armajaro Ltd (a cocoa trader), and the German development agency GTZ encourages improved cocoa production techniques. USAID provides funding as well as training on sustainable agriculture, and the Rainforest Alliance's Sustainable Agriculture Network contributes training on standards and carries out an audit through an independent certification entity. As a buyer, Kraft provides input on market standards. Farmers, in turn, are able to charge a premium price for their products. At the end of 2008, 2,039 farmers were certified by the Rainforest Alliance (up from zero in 2006), and yields had improved significantly.

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Throughout Latin America, the **Certified Sustainable Products Alliance** (2004-2007) aimed to increase and promote the sales of certified organic timber, bananas and coffee. The partnership focused on strengthening the competitiveness and sustainability of agriculture and timber operations that supply private sector alliance partners, and improving access to international markets. Technical specifications were provided by major private sector partners like Chiquita Brands, Boyd Coffee, Kraft, Millstone and Ikea. The Rainforest Alliance coordinated the partnership and developed public information materials, and USAID's funding supported certification programs, market linkage, product development, and technical assistance and training to improve product quality and competitiveness. As a result of this partnership's efforts, sales of certified organic products from the region grew significantly.

***"Agriculture alliances will succeed if people think they can earn a profit. If alliances are done right, they will be self-sustaining and can continue to provide employment and markets without any further investment from USAID."***

– PAM WHITE, MISSION DIRECTOR, USAID/LIBERIA

## MODEL 8: IMPROVING FOOD SECURITY

Food security depends on agriculture to provide sustenance, incomes and livelihoods for the world's rural poor. Food security is increasingly recognized as having a direct link with global climate change, and several recent scenarios have shown how much greater the impact on agriculture will be with climate change than without it. Ensuring safe and affordable food requires addressing global and local agricultural challenges: declining growth in crop productivity while demand rises, emerging diseases and pests that threaten crop and livestock production, declining availability of water, and increasing climatic variability due to climate change. Development alliances often form around addressing one or more of these issues that affect food security.

In Nigeria, the **Cassava Enterprise Development Project** (CEDP), a partnership between USAID, the Shell Petroleum, Nigeria's Bayelsa State Government and Nigeria's International Institute of Tropical Agriculture (IITA), was established to develop and strengthen the cassava value chain and to increase the incomes for cassava farmers in 11 Nigerian states. A key component of the partnership, active from 2003 to 2008, was to reduce the impact of Virulent Cassava Mosaic Disease which can totally destroy the crop. CEDP programs aimed to do so by the widespread dissemination and adoption of high-yielding, disease-resistant cassava varieties. Shell and USAID provided funding, while the IITA provided expertise on planting and growing the new strain of cassava.

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## MODEL 9: EXPANDING OR UPGRADING IRRIGATION AND SOUND WATERSHED MANAGEMENT

Fresh water supplies, essential for agricultural production, are projected to be inadequate to meet the needs of one-third of the world's population by 2025 unless better use is made of this precious resource. The problems are compounded because climate change will produce decreasing rainfall in already arid regions and decreasing run-off in regions that depend on streamflow and melt water. Partnerships can form around the need to improve irrigation or to promote sustainable watershed management.

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In Malawi, the **Water and Development Alliance** (WADA), a multiple-country partnership funded by USAID and The Coca Cola Company, supported sustainable water resources management and increased water supply access in and around the Mt. Mulanje protected area. The water resources of this region are threatened by encroachment into forest areas, uncontrolled burning and illegal logging, and unsuitable smallholder farming practices. Beginning in 2007, and using money from USAID and Coca Cola and the expertise of local partners including Malawi's Departments of Water Development and Forestry, Ministry of Agriculture and Food Security, NGOs, and private tea companies, WADA rehabilitated irrigation infrastructure in target areas. Community members also received seeds, equipment, and training for irrigation and the planning of fruit trees and tea plants, as well as training in sustainable water governance.

The **African Market Garden Alliance** (2004-2008) brings together a variety of partners working towards year-round production of high-quality vegetables and fruit in semi-arid areas of Burkina Faso and Ghana. USAID, Africare, and the Swiss Agency for Development and Cooperation provide funding and expertise and the International Crop Research Institute for the Semi-Arid Tropics implements the partnership's projects, including the installation of 400 "African Market Garden" low-cost drip irrigation systems and the training of hundreds of farmers, including national extension staff, in drip irrigation, seedling production, and grafting.

## *MODEL 10: ADVOCATING FOR POLICY REFORM*

Sound agricultural governance is crucial to maximize the economic and health benefits that can come from investments in the agriculture sector. Partners from both the private and public sectors have an active interest in fostering a policy environment that promotes agricultural productivity, sustainable natural resource management, low-carbon strategies, open and transparent agricultural markets and opportunities for trade. While few alliances exist to date, this issue holds great potential for productive collaboration.

Several federal agencies have recently proposed new policy models for dealing with mitigating and adapting to the effects of climate change on agriculture. The accompanying analyses indicate that these policy models are financially viable. Thus, there are significant opportunities for private partners who are willing to take carefully planned risks.

The **West Africa Seed Alliance** was designed to provide smallholder farmers with quality affordable seeds through the collaboration of Monsanto and Pioneer Hi-Bred with local government and implementing partners. The Alliance aimed to go beyond building seed industry capacity and to focus on seed trade harmonization, including reducing seed quarantine requirements and developing procedures for the release and registration of new varieties to facilitate trade within West Africa.

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# PARTNERSHIP MODELS & AGENCY OBJECTIVES

How can alliances help to achieve Agency objectives in agriculture?

USAID AGRICULTURE STRATEGY

| POSSIBLE PARTNERSHIP MODELS IN AGRICULTURE | Expanding trade opportunities / improving trade capacity of producers and rural industries | Improving the social, economic and environmental sustainability of agriculture | Mobilizing science and technology and fostering capacity for innovation | Strengthening agricultural training and education, outreach and adaptive research |
|---|---|---|---|---|
| Market access | ■ | ■ | | |
| Upgrading value chain | ■ | ■ | | |
| Science & technology | ■ | ■ | ■ | ■ |
| Grower networks & co-ops | | ■ | | ■ |
| Access to capital | | ■ | | |
| Ag recovery | | ■ | | |
| Environmental Sustainability | | ■ | ■ | ■ |
| Food security | | ■ | ■ | |
| Irrigation / water | | ■ | ■ | |
| Policy | ■ | | | ■ |

# WHICH PRIVATE SECTOR INDUSTRIES ARE INTERESTED IN AGRICULTURE ALLIANCES?

| Type Of Company | Illustrative Companies That Have Participated In Agricultural Alliances | Companies Can Be Motivated By: | Possible Non-Cash Contributions | Common Alliance Objectives (See Models In Part 3) |
|---|---|---|---|---|
| **Multinational Agribusiness (Buyers)** | Walmart, Starbucks, Mars, Olam, Kraft, Cargill, Green Mountain Roasters, McDonalds, H.J. Heinz Company | Profits/price differentials, accessing new suppliers, entering new markets, social responsibility, benefit of working with US government, publicity | Market access, technical expertise, training, market information on product requirements, inputs, timing and pricing | Market access; upgrading the value chain; strengthening grower networks and cooperatives; agricultural recovery; environmental sustainability; improving food security and nutrition; expanding or upgrading irrigation and sound watershed management; advocating for policy reform |
| **Industry Associations/ Foundations** | World Cocoa Foundation, Coffee Quality Institute, Coca Cola Foundation | Members' profit, improving the quality and volume of supply, social responsibility | Technical expertise, market linkages | Market access; upgrading the value chain; applying the power of science and technology; strengthening grower networks and cooperatives; access to capital; agricultural recovery; environmental sustainability; improving food security and nutrition; expanding or upgrading irrigation and sound watershed management; advocating for policy reform |
| **Extractive Industries** | Chevron, Exxon Mobil | Corporate social responsibility, social license to operate, diversifying local economy, interest in collaborating with US government, access to new market for raw product sourcing or new distribution point | Market access to supply larger facilities, logistics support, facilities, intellectual property | Market access; upgrading the value chain; applying the power of science and technology; access to capital; agricultural recovery; improving food security and nutrition |
| **Input Suppliers** | Monsanto, Syngenta, Agrimatco, Arcadia Biosciences, Pioneer Hi-Bred | Profit, accessing new markets or expanding markets, social responsibility | Inputs including seed, fertilizer, and pesticides; technical expertise on input application or production; training; field trials to develop optimal local production practices, transport or logistics advice or services | Upgrading the value chain; applying the power of science and technology; strengthening grower networks and cooperatives; agricultural recovery; improving food security and nutrition; advocating for policy reform |
| **Training or Capacity-Building Providers For Climate Change Mitigation/ Adaptation** | This is an area of enormous potential for the private sector. | Market access, ability to test or refine tools or material on the ground | Training materials, trainers, intellectual property | Applying the power of science and technology; access to capital; agricultural recovery; improving food security and nutrition |

# FINDING A GOOD PARTNER

Once you've considered possible models and industry sectors, there are many ways to identify specific private sector actors. The key for alliance success is to identify partners that have core business objectives that overlap with development interests. You can use the following list of questions to identify potential partners. Implementing partners often know the answers to many of these questions, and you may want to work through this list with them:

1. What food product companies or agribusinesses are facing procurement challenges with low volumes or poor quality? Is there a local processor that is operating below maximum capacity?
2. Which local, regional, global companies are seeking to expand their market share or add new products? Are there producer or business associations that have insight into industry trends and needs?
3. Who are the main actors at the farm gate and along the agriculture value chain? Consider the role of women and youth.
4. What firms are supplying the agricultural sector with inputs? Do inputs exist that target Base-of-the-Pyramid needs?
5. Which financial firms are active or interested in the agricultural sector? Are there other firms supplying services to the agricultural sector or offer services that could be of benefit?
6. What agricultural issues are local universities studying or researching? What areas and issues are covered by their agricultural extension services?
7. Have climate modelers identified certain sectors of the local agricultural economy as being at most at risk from global climate change? Where are the key opportunities for mitigating and adapting to these threats?
8. Is there an existing successful agriculture alliance in the region that could be expanded to your country?
9. Is there a large enterprise that provides regular meals for its workers? (For example, an extractives company working in a remote location, or a hotel.) If so, such a company may be interested in supporting local agriculture.
10. Does your host country's Poverty Reduction Strategy or other plan for increasing exports focus on certain agricultural products? If so, the government may be particularly willing to collaborate, and may know private sector or NGO actors who may also be interested.
11. Are there existing or potential new uses for traditional crops? Processing opportunities for value-add products?
12. What are the main sources of off-farm revenue and how can small farmers remain viable in agriculture?

Other resources that can help you identify private sector partners:

- **Chambers of Commerce and Associations** can tell you which local and international businesses are particularly interested in agriculture issues. Chambers of Commerce meetings are an easy way to reach a large audience of key stakeholders.

- The **Foreign Commercial Service** at the Embassy is also a resource for excellent intelligence on companies that are active in or looking to enter the local agriculture market.

- The local **Investment Promotion Agency** may also have information on companies that are investing or have considered investing in agriculture.

- Talk to your **Regional Alliance Builder** and get his or her perspective on alliance partners and trends across your region. To find out if your region has an assigned alliance builder, look on the GDA website.

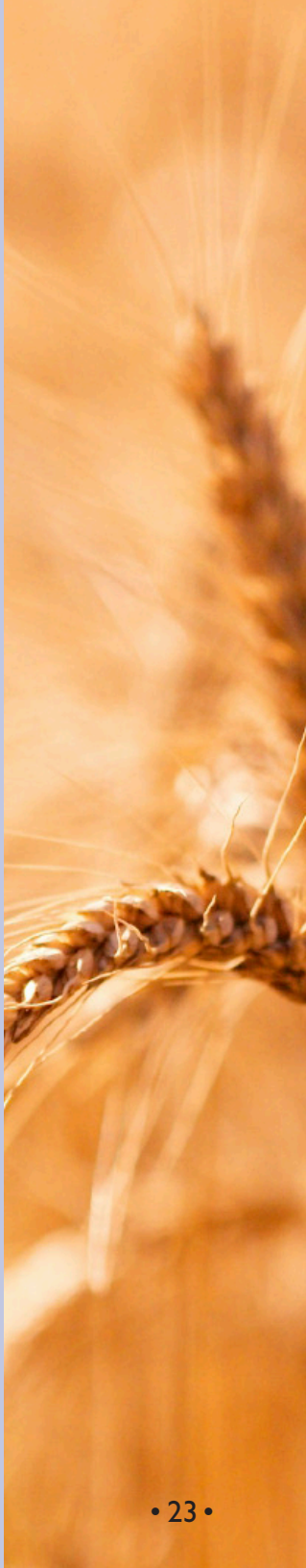


# WHAT PARTNERS CAN OFFER

Partnerships need cash. However, partners can add value to an agriculture alliance in many ways beyond financing. Often, USAID and private sector partners have unique in-kind resources that the other may lack. Understanding the full range of what each partner can offer may help you communicate to potential partners about the benefits of joining an alliance.

- **What can the private sector offer (in addition to cash)?**

- Market access and market information
- Training or training facilities; office space
- Technical knowledge and expertise
- New technologies or improvements to existing technology systems
- Inputs such as seeds and fertilizer
- Research; development of new products
- Intellectual property
- Product marketing campaigns
- Machinery and equipment
- Access to finance
- Field trials
- Information distribution services; distribution networks
- Employment, internships, apprenticeships
- Logistical support



- **What can USAID offer to potential partners?**

- Strong and collaborative relationships with Ministry of Agriculture and other government officials whose work impacts the agriculture sector, including the business environment and investment regulations.

- Technical expertise in small-holder farming, SME and micro-finance, community development, sustainability, natural resource management, gender issues, food security, and a host of other development-related issues that surround agriculture and agribusiness.

- Access to growers; USAID's wide and deep experience with agriculture projects means that the Agency often has good credibility with local farmers and farmer groups, making introductions easier.

- Perspective on and familiarity with the local environment; USAID's knowledge of the country and society may be able to identify underserved markets for the potential partner.

- Legitimacy; ability to act as neutral broker. USAID has a long-term, in-country presence.

- Access to toolkits that address the impacts of global climate change and the possibilities for mitigation and adaptation.

- Practical experience; ability to draw on proven practices in agriculture alliances from other countries and regions. USAID has a track record of successful agriculture partnerships with large and small companies around the world.

- Convening power; USAID can bring multiple stakeholders to the table to discuss challenges in agriculture.



# ISSUES TO WATCH / LESSONS LEARNED

Talk to agriculture faculty at **local universities,** as they may have existing private sector relationships. In many contexts, universities are seen as honest brokers that can attract local partners. Universities can also conduct crop-specific research.

It is important to **engage the local government** since agriculture alliances impact land use. Local governments can contribute to partnerships by providing land, training, facilities and/or technical expertise.

Make sure any proposed interventions for addressing value chain constraints can be achieved within a **reasonable timeframe and cost.**

***"When agriculture companies realize that you represent the U.S. government, they open the door. Then it is up to you to keep them engaged in the conversation and show them how working together will benefit their firm."***

-CAMILO SÁNCHEZ,
USAID/COLOMBIA

**Consider the possible gender impact** of your alliance. Do women and men have different roles in the growing cycle or value chain? How can partnership assist both?

Think about **climate change mitigation and adaptation,** which may present new opportunities for creative endeavors and collaboration.

At the time this guide was published, **terrestrial carbon credits** were not monetized. The carbon credit market would change significantly if land were included, which may create new financial and partnership opportunities.

Find out whether there are **import or other restrictions** on inputs such as fertilizer or pesticides. Would any alliance partners be introducing an input that would have to go through an official analysis or approval process?

How do **land ownership systems** affect your alliance?



**Water** is a critical factor in agriculture. Would your potential alliance contribute to sustainable water use? Exacerbate local water challenges?

**Seaports and other transportation infrastructure** play an important role in getting agricultural crops to market. If your alliance aims to expand market access, can products be efficiently and reliably transported? Remember that staple crops, high-value and perishable products will usually need to be transported, stored and processed differently.

Is there **cultural significance or sensitivity around certain crops or agricultural practices?** Would your alliance impact these traditions?

Especially in rural areas, **warehousing, cold storage and cold chains** can reduce spoilage. Will your alliance require special facilities for perishable goods?

Ideally, your partnerships should rely on and/or contribute to a **sustainable energy supply**. How will local energy use change because of your partnership?

If your alliance involves research, or developing new products or crop varieties, be sure to clarify **intellectual property issues** before any work is done.

# ELEVEN WAYS TO GET STARTED

## 1 MEET WITH THE PRIVATE SECTOR

One way to generate private sector interest in partnerships is to convene an open meeting. You can work with local chambers of commerce or similar organizations to organize an event, or you can offer to speak at an event that's already been scheduled. Highlights should include your Mission's goals and programs, USAID's experience with private sector collaboration, and how the private sector benefits from partnership with USAID. A meeting is also the perfect opportunity to listen to the private sector's perspective on agriculture issues and identify common interests. Visit the GDA website for PowerPoint presentations and other tools.

## 2 MEET WITH GROWER ASSOCIATIONS

Many countries have strong traditions of grower associations or cooperatives. Collaboration with such associations can be a vital tool for generating creative alliance ideas. In meetings with grower associations (individually or collectively), you can assess the challenges and potential of relevant agriculture sectors, from the availability of key inputs to market access. A good place to begin seeking out partner grower associations is to find which ones are organized around your host country's primary exports. You can also work with local NGOs to identify target grower associations. A USAID partnership with SC Johnson began because one farmer asked for help in drying chrysanthemum flowers during a growers' town hall meeting.

## 3 MEET WITH PUBLIC SECTOR AGRICULTURE STAKEHOLDERS

Meeting with representatives of national, state, and local level governments in your host country can provide valuable insight into

agriculture sector needs and possible partnership ideas. In your initial meetings you can assess public sector priorities for sustainable development in the agriculture sector, such as local government plans for land use. In addition, getting these public sector actors on board from the beginning can contribute the success of your future alliances, and will allow you to assess the strengths and weakness of the governance structures in your host country.

## 4 CONSIDER CLIMATE CHANGE

Shifts in climate, as well the mitigation and adaptation measures that are taken in response, will have a large effect on agriculture in many parts of the world. Review existing assessments on how your country's agriculture sector may be impacted. Could partnerships assist in training, financing, assessment, research or other aspects of mitigation or adaptation activities?

## 5 ASSESS THE STATE OF UNIVERSITY AGRICULTURE PROGRAMS AND AGRICULTURAL EXTENSION SERVICES

In many countries, university-based Agriculture Extension Services play a vital role in transferring technology and knowledge to farmers in the field. Extension programs could play a vital

role in an alliance that would work with rural farmers, or that may require a wide distribution of technology, training, or a product. Start by visiting the universities in your host county to assess the size, sophistication, and capabilities of their extension programs.

## 6 CONSIDER THE SPECIFIC NEEDS OF BOTH RURAL AND URBAN FARMERS AND CONSUMERS

Rural and urban markets offer different resources and possibilities for an agriculture alliance. These differences are often significant: distance, transportation needs and options, energy access, market access, sources of alternate income, pollution and farmer and consumer lifestyle (seasonal migration vs. stationary). You may want to weigh the benefits of each location as you assess partnership possibilities. Urban locations may hold good potential for a retail hub; in rural areas alliances can link with micro-retail networks. The NGO community in your country may be especially useful in reaching out to the rural agriculture sector.

## 7 THINK OUTSIDE THE BOX

An often underutilized way to get started is to simply be creative in brainstorming partnership ideas to meet your country's development needs. Research/consider some of the more novel or groundbreaking developments in the agricultural sector to see if there is partnership potential.

***"H.J. Heinz Company is an alliance partner as well as the buyer of the crop involved. Heinz was willing to contribute to a partnership in order to develop a stable tomato supply near their European processing plants. Our alliance fills a core business need for them and also benefits local farmers."***

– DAVID BESCH, REGIONAL ALLIANCE BUILDER, USAID

For example, one USAID Mission is considering a partnership with a major global hotel chain to build a vertical farm, an idea that at first glance may seem fanciful. Vertical farms could grow produce, even fish and poultry, in vertical greenhouses – each designed as a self-sufficient ecosystem. Having regular brainstorming sessions with a variety of stakeholders is an excellent way to encourage out-of-the-box thinking while generating partnership ideas.

## 8 EMBED PARTNERSHIPS INTO EXISTING PROGRAMS

Consider how a partnership could contribute to the success of your core programs. A potential alliance partner could expand the scope of your existing programs or could add unique resources that would deepen impact. Remember that increasing the number of partners will require time for negotiating and diplomacy for assuring there will be synergies among the expanded partners. All partners involved must see the value in embedding a new partner or activity. For potential new partners, proposing participation in an ongoing program allows them to easily see how their resources will make a difference.

## 9 LEVERAGE EXISTING RELATIONSHIPS

USAID has relationships with hundreds of private sector organizations. Search the GDA database or ask the ODP/PSA office to find out if and where we've worked with a potential partner before. The ODP/PSA Team has also developed global relationships with companies such as General Mills, Starbucks, Coca

Cola and Rotary International. Visit the GDA website to find out more. Not only are there existing partnership models with these global framework companies, the ODP/PSA Team can also leverage its contacts at the company to engage local affiliates in-country.

## 10 INCLUDE ALLIANCE ACTIVITIES IN SOLICITATIONS

As you design RFP's and other solicitations for your Mission's projects, include alliance activities that complement key objectives. Implementing partners are often great alliance resources, both for identifying partners as well as managing partnership implementation. The General Counsel's office has developed specific language for including alliance building in RFPs and RFAs, which is available on the GDA website.

## 11 CONTACT THE ODP/PSA TEAM

The ODP/PSA Team at the ODP/PSA office in Washington is available to advise Missions on any aspect of partnership-building or management, as are Mission-based Regional and Country Alliance Builders. The Team knows how to navigate the most common challenges including procurement, MOUs, due diligence, relationship management, reporting, etc. If necessary, the ODP/PSA Team can also coordinate with your Mission's Office of Procurement or your Regional Legal Advisor to address specific challenges.

# EXISTING USAID MECHANISMS

The following is a list of existing Indefinite Quantity Contracts, Leaders with Associates or other mechanisms that can be used to engage a partner in an agricultural Alliance.

| | Name | Description |
|---|---|---|
| IQC | GDA Services Support Program | Provides short-term-alliance-building support. |
| IQC | West Africa Trade Hub | Assist West African companies complete in international markets through direct technical assistance, expert counseling and by addressing barriers to trade. |
| IQC | Rural and Agricultural Incomes with a Sustainable Environment (RAISE Plus) | Provides sub-sector analysis, program design, implementation and evaluation services to stimulate sustainable agriculture and rural prosperity. |
| IQC | Global Business, Trade, and Investment Services II (GBTI II) | Provides services to promote economic growth, reduce poverty, promote open competitive markets, and mobilize private financing sources to supplement and eventually replace development assistance. |
| IQC | SEGIR: MACRO II | Covers macroeconomic policy, fiscal tax policy, money and banking. |
| APS | Global Development Alliance: Annual Program Statement | Promotes public private alliances to achieve USAID objectives. |

| | Name | Description |
|---|---|---|
| LWA | Assets and Market Access (AMA CRSP) | Support activities to improve the agricultural competitiveness and quality of life of the rural poor through policy-relevant research to improve access to resources and enhance the operation of markets. |
| | Sorghum, Millet, and Other Grains (SMOG CRSP) | Support the needs of developing nations worldwide while taking into account the value to US agriculture focused on sorghum, millet, and other grains. |
| | Aquaculture & Fisheries (CRSP) | Promotes comprehensive, sustainable, ecologically and socially compatible, and economically viable aquaculture systems and innovative fisheries management systems. |
| | Farmer-to-Farmer Program (FTF) | Promotes innovative programs utilizing volunteers to support international agricultural development. |
| | Volunteers for Economic Growth Alliance (VEGA) | Assistance provided in private market development, including agribusiness and financial services to address the needs of the rural and urban poor. |
| | Financial Integration, Economic Leveraging, Broad-Based Dissemination (FIELD-Support) | Supports microenterprise development, microfinance, value chain development, and institution and human capacity-building. |
| | Partnerships for Food Industry Development (PFID) | Three distinct university-industry partnerships that deal with meat, seafood and poultry; natural products; and, fruit and vegetables. |
| | Agribusiness Trade Promotion Project | Increase the value and volume of agricultural trade to achieve the 6% annual growth as prescribed by CADAP and New Partnership for Africa's Development (NEPAD). |



# ADDITIONAL IDEAS AND RESOURCES

## KEY AGRICULTURE PARTNERS

You can see the full scope of several exciting programs launched by key agriculture alliance partners -- two of whom have signed global framework agreements with USAID -- on the web (links available on the GDA website):

**Starbucks' Shared Planet** program focuses on ethical sourcing of coffee beans and other products the company processes and/or sells.

**Walmart** places strong emphasis on sustainability throughout its supply chain.

**Kraft Foods,** through its Better World program, supports sustainable agriculture practices among its suppliers and is a member of alliances to promote sustainable farming of coffee, cocoa, and cashews.

In 2009, **General Mills** signed an agreement with USAID and PEPFAR to create a partnership that will focus on improving the capacity of small and medium-sized food businesses across sub-Saharan Africa to produce healthy, fortified food products.

**Mars** is heavily involved cocoa sustainability efforts. Programs include education and training for farmers, development of pest/disease resistant cocoa crops, and other avenues for cocoa research.

## USAID RESOURCES

Adapting to Climate Variability and Change: A Guidance Manual for Development Planning - USAID

Agriculture Strategy

Improving Lives through Agricultural Science and Technology

Agricultural Biotechnology for Development

Board for International Food and Agricultural Development

Collaborative Research Support Programs

## CLIMATE CHANGE

Summary for Policy Makers of the Intergovernmental Panel on Climate Change (IPCC)

## OTHER DONORS, COMPANIES AND ORGANIZATIONS

**The Gates Foundation** focuses on raising the incomes of small farmers, and helping their farms become more productive and sustainable.

**Archer Daniels Midland** (ADM), as part of its sustainable supply chain program, has initiatives supporting sustainable cocoa and palm oil production worldwide.



**Cadbury** established the Cadbury Cocoa Partnership in 2008 with the UNDP, local governments, farmers and communities.

**Nestle's** Creating Shared Value program advises and provides technical assistance to thousands of farmers to produce greater yields of higher quality crops using fewer resources.

**Cargill,** in partnership with the Gates Foundation and the UN's World Food Programme, works to improve the skills of farmers and alleviate malnutrition in West Africa and Southeast Asia.

**Danone** provides training and technical assistance to European farmers and is a founding partner of the Sustainable Agriculture Initiative.

**Unilever** is a partner in the Global Alliance for Improved Nutrition, and is committed to sourcing a growing percentage of its agricultural inputs from sustainable sources.

**ConAgra** has a comprehensive corporate responsibility program including the promotion of sustainable agricultural practices. ConAgra is also a partner in Field to Market: The Keystone Alliance for Sustainable Agriculture.

**Dole** provides technical assistance, cooperative formations, improved labor conditions, and environmental standards to farmers all over the world.

## REPORTS AND RESEARCH RELATED TO AGRICULTURE PARTNERSHIPS

All links available on the GDA website.

Report: The Next Billions: Business Strategies to Enhance Food Value Chains and Empower the Poor (World Economic Forum 2009)

Report: Public-Private Partnerships in Agricultural Research: an Analysis of Challenges Facing Industry and the Consultative Group on International Agricultural Research (IFPRI 2004)

Report: Building Public-Private Partnerships for Agricultural Innovation (IFPRI 2008)

Report: Market-Oriented Agricultural Infrastructure: Appraisal of Public–Private Partnerships (Overseas Development Institute, 2008)

Report: The Role of the Food & Beverage Sector in Expanding Economic Opportunity (Kennedy School of Government, Harvard University)

Report: The Business Role in Achieving a Green Revolution for Africa World Economic Forum's Business Alliance Against Chronic Hunger

Case Study: A School Feeding Program in Nigeria: Tetra Pak's Business and Development Goal

Case Study: Britannia, Naandi, and GAIN: A Public-Private Partnership for Delivering Nutrition through Fortification in India



# CASE STUDY: IMARE

## LINKING RURAL FARMERS TO INTERNATIONAL BUYERS

| | |
|---|---|
| **Alliance:** | Inclusive Market Alliance for Rural Entrepreneurs (IMARE) in Guatemala |
| **Objective:** | Promoting growth of an entrepreneurial agriculture sector through increasing access to more profitable markets; increasing productivity through improved farm management, processing and post-harvest techniques. |
| **Partners:** | Walmart Inc., USAID, Mercy Corps, and the Guatemalan nonprofit Fundación ÁGIL (Fundación Apoyo a la Generación de Ingresos Locales) |
| **How the alliance works:** | The Alliance increases linkages to higher value retail markets for fresh fruits and vegetables. Local supermarkets buy produce and in turn supply information on needs and preferences including standards, volumes and prices.<br><br>Alliance partners work with producer groups to develop farm plans that diversify from traditional subsistence crops to more market-oriented production, based on expected consumer demand. These groups are trained in good agricultural practices to increase productivity; improve post-harvest management; meet retail standards including sanitary and phytosanitary, packaging, color, smell, taste, size, quality, and variety; and business and management skills including the use of critical pricing information. The Alliance also links producers with access to finance through the Rural Development Bank (BANRURAL), a commercial bank that has a loan guarantee from USAID through a Development Credit Authority. |
| **Partner Contributions:** | Wal-Mart: Financing for process and product upgrading, market for produce, and market information.<br><br>USAID: Financing, oversight, program exposure, and introducing the farmers to other buyers.<br><br>Mercy Corps: financing, project management, and expertise on community mobilization, farmer organization and agronomic training.<br><br>ÁGIL: Agricultural development expertise on food safety standards and certification for export. |
| **Lessons Learned:** | The key to IMARE's success is that the partners were fully engaged in the program from design through implementation. The project has identified several farmers that were quickly able to adapt their production and meet the retailer's standards. Farmers increased incomes through higher productivity, resulting in better quality produce and higher volumes. However, some farmers continued to sell a significant portion of their produce on the informal market, where they are sometimes paid a higher price. Price is key to providing the right incentive for reforms. |

# CASE STUDY: ALLIANCE FOR PROGRESS IN EGYPTIAN HORTICULTURE

## UPGRADING PRODUCTION, EXPANDING MARKETS

| | |
|---|---|
| **Alliance:** | The Alliance for Progress in Egyptian Horticulture |
| **Objective:** | To catalyze the potential of tomato production and processing in Egypt by upgrading production and linking smallholder producers to the market. |
| **Partners:** | USAID, H.J. Heinz Company, and ACDI/VOCA. (The Industrial Modernization Center is an Egyptian government entity collaborating with the Alliance) |
| **How the alliance works:** | Egypt is the world's fourth largest producer of tomatoes but does not produce a significant volume of varieties appropriate for processing. Heinz was interested in developing processed tomato production; smallholder farmers needed direct market linkages as well as the opportunity to produce higher value horticultural products.<br><br>Through the Alliance Heinz and other processors provide farmers with a direct market link for their processing tomatoes. Heinz guarantees the market through forward contracts, and provides technical support to upgrade greenhouses and production to HeinzGAP (Good Agricultural Practices) standards, which include a traceability system. As HeinzGAP requires a four crop rotation, the Alliance helps farmers select, produce and market higher-value rotation crops applying some of the same GAP techniques, and resulting in a highly profitable crop bundle with the most significant impact on income coming from the rotational crops. Heinz Egyptian affiliates processing tomato paste have been operating their facilities at low capacity because of a shortage of supply. Heinz has expressed interest in investing in a tomato processing facility in Northern Egypt once the tomato quality and supply have increased. |
| **Partner Contributions:** | Heinz: Direct market linkage for processed tomatoes and technical expertise to train farmers on HeinzGAP.<br><br>USAID: Financing for implementing the farmer training program and relationship with Egyptian government.<br><br>IMC: The Industrial Modernization Center (IMC) is an Egyptian government entity collaborating with the Alliance.<br><br>ACDI/VOCA: Management leadership, expertise implementing horticultural value chain upgrading and knowledge of the Egyptian agricultural sector. |
| **Lessons Learned:** | This Alliance is successful because it is demand driven. Achieving an assured supply of processing tomatoes is central to Heinz's business. In addition, smallholder farmers improved their yields and incomes. After the first season, farmers' interest in participating in the second season exceeded the project's capacity. Initially, Heinz was apprehensive about working with smallholders and needed some convincing that the collaboration would benefit everyone and was not just a social investment. The alliance also considered all stakeholders in the value chain, engaging those that were not directly in the alliance such as greenhouse nurseries, seed companies and chemical input suppliers. As with many alliances, flexibility was crucial and allowed the program to adapt. The alliance leveraged significant funding from IMC to implement the training program, which is central to the project's impact. |

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