LEARNING ROUTE ON PRO-POOR PUBLIC PRIVATE PARTNERSHIPS IN RURAL DEVELOPMENT

Thailand, 22-31 October 2012

END-OF-ROUTE REPORT
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ABBREVIATIONS AND ACCRONYMS

ACT  Organic Agriculture Certification Thailand
ADB  Asian Development Bank
AEC  ASEAN Economic Community
AIT.E Asian Institute of Technology Extension
AGPC Bolaven Plateau Coffee Producers' Groups Association (PDR)
APMAS Asian Project Management Support Programme
BAAC Bank for Agriculture and Agricultural Cooperatives
BDS Business Development Services
COSOP Country Strategy Opportunities Programme
EB Executive Board
FAO Food and Agriculture Organization of the United Nations
IFAD International Fund for Agricultural Development
IFOAM International Federation of Organic Agriculture Movements
GMP Good Manufacturing Practice
HACCP Hazard Analysis and Critical Control Points
KU Kasetsart University
LSNLC Local Scholar Network Learning Centers (LSNLCs)
LOT Lapse of Time
MAFF Ministry of Agriculture, Forestry and Fisheries
MOAC Ministry of Agriculture and Cooperatives Thailand
NCDDS National Committee for Sub-National Democratic Development Secretariat
NGO Non-Governmental Organization
OP Producers Organizations
OPEC Organization of Petroleum Exporting Countries
PADEE Project for Agricultural Development and Economic Empowerment, Cambodia
PDA Population and Community Development Association
<table>
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<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>PDR</td>
<td>Lao Peoples Democratic Republic</td>
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<td>PROSPERER</td>
<td>Support Programme for Rural Microenterprise Poles and Regional Economies</td>
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<td>PPP</td>
<td>Public Private Partnerships</td>
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<td>SME</td>
<td>Small and Medium size Enterprises</td>
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<td>SNRMPEP</td>
<td>Sustainable Natural Resource Management and Productivity Enhancement Project</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNDAF</td>
<td>United Nations Development Assistance Fund</td>
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<td>VDB</td>
<td>Village Development Bank</td>
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<td>VDP</td>
<td>Village Development Partnership</td>
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<td>WHO</td>
<td>World Health Organization</td>
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LEARNING ROUTE ON PRO-POOR PUBLIC PRIVATE PARTNERSHIPS IN RURAL DEVELOPMENT

END OF ROUTE REPORT

I. BACKGROUND

The following End-of-Route Report has been prepared by PROCASUR with inputs from the International Fund for Agricultural Development (IFAD) funded Asian Project Management Support Programme (APMAS) and the Asian Institute of Technology Extension (AIT.E). The Route was organized within the context of the IFAD funded Strengthening knowledge sharing on innovative solutions using the learning routes methodology in Asia and the Pacific Regional Grant to PROCASUR approved by the IFAD Executive Board under the Lapse of Time (LOT) procedure in July 2011 whose purpose is to increase knowledge and capacity for adopting and scaling up best practices and innovations for poverty reduction among IFAD stakeholders in the Asia and Pacific region.

A total of 23 professionals from Cambodia (7), India (1), Lao Peoples Democratic Republic (4), Madagascar (3), Thailand (4) and Vietnam (4) participated. A list of participants is provided in Appendix 1. Participants included officials from government departments, non-governmental organizations and IFAD funded projects. A summary of the objectives of the IFAD funded project that participated in the Route is provided in Appendix 2.

The Learning Route programme included four case studies in the field plus an input session on PPP perspectives in Thailand and IFAD approaches in addition to three other input sessions on a) PPP in Rural Development Issues and Challenges, b) Business model of Rural Development PPP and, c) Bottom-Up Planning Approach Model for Civil Organizations: The Doi Tung Development Project (1988/2017).

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1 Asian Project Management Support Programme (APMAS) is an IFAD-funded 3-year regional programme. It aims at improving the development effectiveness and efficiency of pro-poor rural development programmes in the Asia and the Pacific region. Its short-term objective is to enhance the management capabilities of rural development projects and programmes in the region. This is being achieved by (i) building project management capacity; (ii) strengthening the policy environment; and (iii) improving the capacity of service providers.

2 AIT Extension contributes to the development of the region through continuing professional education, short-course training and consultancy services in various fields including Agriculture, Environment and Natural Resources Management, Poverty Reduction and Livelihoods Development and Private Sector Development in response to regional opportunities for continuing education, training and consultancy.

3 EB 2011/LOT/G.4
II. SETTING THE STAGE

A. PPP in Thailand

Poverty reduction and poverty persistence

Thailand has experienced a considerable decline of rural poverty in the past few decades. Thailand has a fast growing economy and has developed flourishing smallholder agriculture. With successfully pro-poor strategies along the past 40 years, poverty has fallen from 70% to 10% in the country.

Still, 5 million Thai live under the poverty line (below 1.5 US$ per day), 88.3% lived in rural areas and more specifically in difficult regions like Isan (Northeast) where the number of the poor was found to be 2.8 million or 52.2% of the country’s poor and 13% of the 20 million regional population.

The development of Products with Territorial Identity (OTOP) and PPP

PPP of agricultural products in Thailand had been progressing more rapidly when the government launched OTOP programs. OTOP is the brand of products under the ‘One Tambon, One Product’ project, a nationwide sustainable development initiative launched by the Thai government in 2001. It aims to promote the unique products made by local communities, by utilizing their indigenous and/or local skills and craftsmanship combined with available natural resources and raw materials. OTOP programs allow farmers to have exposure to entrepreneurial environment and to experience SME practices. It also helps connecting relationship between private sector and farmers as well as creating interaction between government and private entities.

The Thai government provides communities with valuable assistance with regard to product development and opportunities to market products in a global arena. This project is also an important way to preserve traditional skills and ancient Thai heritage, which have been passed down through generations. OTOP offers an extensive range of exquisite handicrafts, quality agricultural products, food, beverages, gems, jewelry, textile, garments, etc.

Farmers and communities' learning curve on OTOP / SMEs / PPP are growing. With direct experience from OTOP and SME development, Thai farming communities and rural people have collected considerable practical experience and knowledge considered useful elements in the learning route.

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4 Voravate Chonlasin (AIT-E)
B. IFAD and Public Private Partnerships

IFAD has in the recent past approved two relevant strategies on Deepening Engagement with the Private Sector considered by the IFAD Executive Board in December 2011 and a Partnership Strategy in September 2012. The Private Sector Strategy provides a definition of public-private partnerships (PPPs) stating that these are considered as voluntary and collaborative relationships between public and private actors that agree to work together to achieve a common goal or undertake specific tasks. It usually implies that partners share the risks, responsibilities, resources and benefits. PPP models vary considerably and may serve various purposes, including advancing a cause, implementing normative standards or codes of conduct, or sharing and coordinating resources and expertise. In most cases, PPPs supported by IFAD will involve project-level partnerships. The Partnership Strategy provides a very similar definition indicating that partnerships are collaborative relationships between institutional actors that combine their complementary strengths and resources and work together in a transparent, equitable and mutually beneficial way to achieve a common goal or undertake specific tasks. Partners share the risks, responsibilities, resources and benefits of that collaboration and learn from it through regular monitoring and review.

The preparation and subsequent adoption of the IFAD strategies included an extensive evaluation. The Private Sector strategy noted that:

- Not all governments are willing to pass on IFAD loan funds to private businesses, being loans to national governments the main channel for IFAD assistance.
- Private businesses are sometimes reluctant to get involved
- Government systems can be ineffective
- IFAD might have limited freedom of choice in selection of private sector partners as it is the loan recipient the main actor
- IFAD project cycle and timeframe reduces flexibility
- Although IFAD is working with institutions that directly support the private sector, there is a large firm bias in this work

In collaborating with the private sector IFAD should take into account the following ten points based on evaluation findings.

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5 Dario Pulgar, PROCASUR consultant
6 EB 2011/104/R-4/Rev.1
7 EB 2012/106/R-4
1. Focus on the interests and needs of poor rural people, particularly small farmers: they should benefit from this collaboration as producers, suppliers, customers, distributors or employees.

2. Act as an intermediary to build trust and relationships between larger companies and small producers.

3. Provide international and local private-sector companies with guidance on appropriate price policies and how to work with small rural producers in a socially and environmentally responsible manner.

4. Ensure transparency and maintain IFAD’s integrity, independence and neutrality.

5. Set well-defined, achievable targets for increasing knowledge, resources or market access for poor women and men.

6. Make sure the impact is sustainable in the long term even after IFAD’s contribution to the partnership has ended.

7. Secure a common purpose for all partners involved, with agreed targets, shared risks, resources and benefits, and a clear set of responsibilities and accountabilities for each partner.

8. Adjust the pace of decision-making to keep private-sector entities interested in collaboration.

9. Support country ownership and stipulate the importance of doing so, for example in the country strategy, project design or grant document.

10. Strengthen ties with other organizations – multilateral and bilateral development finance institutions, private funds – that are already working with the private sector to leverage knowledge, resources and economies of scale.

The strategy documents further elaborate on principles of engagement for IFAD’s private-sector partnerships. The private-sector companies that IFAD will be working with cannot be selected in advance and will depend on the context, companies present in rural areas, opportunities that may arise, and the interest of the companies themselves in building relationships with IFAD’s target groups. In some projects, this may mean working with a large urban supermarket; in others, with a rural-based milling factory. The selection criteria will, however, follow basic principles of engagement:

- The support or partnership should be driven first and foremost by the interests and needs of small farmers and poor rural producers in the countries where IFAD operates; more specifically, poor rural men and women should benefit from this engagement as producers, suppliers, customers, distributors or employees;

- To the extent relevant, there should be evidence of country ownership and support for private-sector partnerships (as stipulated in the Country Strategic Opportunities Programme (COSOP) or the project design or grant document);

- Particularly where large and international companies are involved, and wherever local conditions allow, the companies must comply with social and environmental standards (assessed through due diligence during project preparation, at a minimum based on the 2009 Guidelines on Cooperation between the United Nations and the Business Sector);

- The impact of the engagement should be sustainable after IFAD’s contribution to the partnership has ended.

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10 EB 2011/104/C.R.P.2
Further to enquiries as to the role of the private sector, it was clarified that IFAD’s approach was to engage with all stakeholders in value chains in order to offer greater opportunities to producers and traders to operate in remote areas. Value chain financing, infrastructure and improved services would be the main elements to attract the private sector.

The Board approved the Private Sector Strategy presented in the document and amended by a conference room paper (EB 2011/104/C.R.P.2) reflecting the outcome of its deliberations. The Board welcomed the strategy and recognized the increasing importance for IFAD of establishing partnerships with the private sector, specifically to engage with rural small and medium-sized enterprises (SMEs). Representatives also called for IFAD’s impact on SMEs to be maximized though specific targeting of private-sector entities in the context of IFAD projects and programmes. In this regard, the importance of formulating Country Strategic Opportunities Programs (COSOPs) that would foster positive environments for such interaction was underlined. The Board recognized that the establishment of a specific financing facility, which had been proposed, was not currently envisaged. With regard to possible grant financing for private-sector partnerships, representatives cautioned against changing the existing grant financing policy and emphasized the importance of closely following such funding and maintaining detailed oversight. For ease of reference the guidelines for Grant financing for profit organizations is provided in Appendix 5. The Board was informed by Management that appropriate mechanisms were in place to ensure the Board’s oversight of grant financing to for profit entities. Furthermore, some representatives underlined the importance of maintaining the highest social and environmental standards when entering into partnerships with private sector entities, as well as rigorously maintaining the focus on IFAD’s target smallholder beneficiaries. Considering IFAD’s unique mandate, the Board praised IFAD for the experience and knowledge it had gathered with regard to rural SMEs and encouraged its active participation and knowledge-sharing in broader partnerships with specialized agencies.
III. LEARNING FROM PRACTICES

Location of the case studies in Thailand

Case No 1: Sri Muang Central Market, Ratchaburi, Thailand.

Case No 2: Chao Phya Abhaibhub ejhr Hospital Foundation, Prachinburi, Thailand.

Case No 3: Siam organic Co. Ltd. Roi Et, Thailand.

Case No 4: Population and Community Development Association, Nakhon Ratchasima (Korat), Thailand.
A. The Case Studies

**Sri Muang Central Market, Ratchaburi.**
The Sri Muang Central Market, established in 1994 is a private corporation (Agri Commerce Co. Ltd). The company employs approximately 50 skilled and 100 non-skilled employees in an area of approximately 80 acres. It is the largest produce market in Southern Thailand serving the wholesale and retail market in the area for fresh agricultural produce providing facilities to farmers to bring their agricultural produce and selling directly to consumers. This practice aims to reduce interventions of middlemen during the buying and selling process. The administration of the Market moreover, ensures the smooth functioning of the market with high service standards, inspecting goods according to public health standards set forth by the Royal Thai Government. Furthermore the Market provides in cooperation with government agencies capacity building and relevant information using the mass media mainly radio broadcasts.

The main strengths of the Market are as follows: 1) it ensures smooth marketing operations, 2) it provides enough physical reliable infrastructures at affordable rates allowing farmers to control price without interference by the Market or any other players, 3) it facilitates access to information, mainly pricing data over a period time and 4) it ensures quality and food safety. Notwithstanding, the Market faces a number of challenges brought about by import of cheap agricultural produce from China which, has a considerable impact on local producers making it difficult for them to compete with the imported products. After implementation of the Asean Economic Community (AEC) 2015, the farming community may find more difficulties without more production economies of scale.

Participants agreed that the experience showed that Markets and farmers working together can ensure quality, control food health and safety standards in the benefit of consumers. The provision of technical assistance by government agencies and the presence in the Market itself of Ministry of Health staff and a laboratory on site, contributes towards food safety. Notwithstanding, participants indicated that this model may not be applicable to all countries as markets in general are run and operated by public entities and or local governments. Farmers in many countries are not fully aware about the negative effect of chemical fertilizers on health which would require additional efforts on the part of public sector extension services.
Chao Phya Abhaibhubejhr Hospital Foundation, Prachinburi Province.

The hospital started operating in June 1941, being one of the first of Thailand’s provincial hospitals which opened to serve the public. In 1966 the hospital was renamed Chao Phya Abhaibhubejhr after the title of Chum Abhalwong, Siam’s last Governor of the Khmer region whose majestic colonial-style building later served as the hospital’s first ward before a preservation program ended that use. The structure has become the province’s landmark and presently houses a museum on Thai traditional medicine. Chao Phya Abhaibhubejhr Hospital is also known for its holistic approach to health care. The hospital has integrated traditional and alternative medical treatments into its standard service system. Today the Foundation adheres to the concept that traditional knowledge and wisdom combined with academic knowledge and a sense of responsibility for the public good create health-care systems which truly improve the well-being of families, communities, society and preserve the environment. Rediscovering traditional wisdom on herbal medicine began two decades ago. Troubled by heavy reliance of imported medicines and urged by the World Health Organization (WHO) to promote the use of local resources for health care, the Ministry of Public Health (MPH) instructed its hospitals to explore traditional alternatives. In response the hospital in 1983 initiated a program to bring back herbal use. Through research, a pharmacist team found a wealth of knowledge on practices and the use of plants. That information provided groundwork for developing plant-based medicines for use in the hospital. The 1997-98 economic crises proved to be a catalyst for change for the nation and Chao Phya Abhaibhubejhr as well. Looking for ways to help local communities to cope with economic hardship, the hospital found an answer in producing herbal products to sell to the public at affordable prices. Exemplifying an enterprise striving for the nation’s self/reliance the project relied mainly on local resources including plant materials supplied by local farmers. Guaranteed and higher prices paid for their herbs provided incentives for them to convert to organic farming and a production plant was built with a present capacity to turn out 500,000 herbal capsules, 2,000 tea sachets, 5,000 bottles of beverages, and 3,000 items of personal care products. At Abhaibhubejhr quality starts at the farm. The entire process of planting, harvesting and processing is certified by Organic Agriculture Certification Thailand (ACT), an International Federation of Organic Agriculture Movements (IFOAM)-accredited body. Additionally, supplying farms are subject to inspection under rigorous laboratory tests including thin layer Chromatography and High Performance Liquid Chromatography to check their marker substance, potency and consistency. The production plant has a microbial unit to detect contamination. In the Foundation’s R&D unit pharmacist and technicians work together to develop herbal products from knowledge gained from traditional sources and supported by scientific research. Abhaibhubejhr encourages local community organizations and farmer groups to strengthen their capacity in management and improving quality of life for their members buying plant materials directly from the farmers. Volumes, quality and pricing are determined together for fairness. Using organically grown materials guarantees that the cultivation process is ecologically sound and safe for farmers and consumers alike contributing to the environment and restoring soil fertility.

Participants underlined the fact that success was mainly built on trust. However they noted that the Foundation needs to further assess local knowledge possessed by farmer communities relating to herbal plant farming methods and new innovations and the need to encourage knowledge exchange sharing among communities. It was also pointed out there is a need to create demand for herbal medicine and health preventive measures. Participants concluded that the efforts by the Foundation are in line with Thailand’s national policy on healthy living and belief in local wisdom and local communities by the Foundation is a role model social entrepreneurship effort.
Siam Organic Co. Ltd.

This enterprise, established in 2011, was first conceptualized as a social business enterprise aimed at reducing the cycle of poverty among Thai farmers through organic farming and agricultural innovation. This initiative plan won numerous prestigious international business plan awards such as HM The King's Award, MAI Bangkok Business Challenge and Global Winner of Stu Clark Investment, Canada. The PPP model includes farmer groups, the Bank for Agriculture and Agricultural Cooperatives (BAAC) and, Kasetsart University (KU). The Company was created from a passion beyond profitability and the founders strongly believe that economic value can be competitively established by creating societal value. Being Thailand the world’s number one rice exporter with millions of rice farmers and the entire population consuming rice on a daily basis, rice is deeply ingrained in Thai culture. However, Thai farmers are heavily indebted due to reliance on using chemical fertilizers and pesticides which are controlled by large agricultural conglomerates and politicians in addition market price is hugely influenced by government policy causing continuous instability in the market. The frequent change of government does not help the farmers’ cause.

Working closely with leading Thai scientists with world-class agricultural innovations, Siam Organic has identified a new variety of rice, Jasberry™, with extremely high antioxidants and low Glycemic Index (GI – effect of food on blood sugar level). This rice is now being grown organically by 100% small-scale farmers. With the new rice variety and European Union and United States Department of Agriculture (USDA) certified organic farming standards; local farmers have access to a completely new market from both the product and geographical standpoint. A KU rice mill can currently process 2,000 tons of paddy rice annually.

At Siam Organic quality control is from farm to table. The entire process of planting, harvesting and processing is certified by Organic Agriculture Certification Thailand (ACT), an IFOAM-accredited body according to EU and USDA standards. Outputs are repeatedly tested by a 3rd party international laboratory such as Intertek, a leading global provider of lab testing and a publicly-listed company in London, to ensure that there are no chemicals in the rice and that the nutrition is as advertised on the product and marketing material. Several studies and clinical tests have been done on volunteers on the effect of Jasberry rice on different diseases such as cancer, Alzheimer’s disease, diabetes, high-blood pressure and heart disease. The tests are carried out by leading hospitals and nutrition centers. Siam Organic works closely, in partnership with BAAC and KU, with farmer groups to strengthen their capacity in management and improving quality of life for their members. Volumes, quality and pricing are determined together for fairness.

Participants indicated that the model had an impact on farmer income and was a step in the right direction. However, several participants noted that the model was not sufficiently clear as Siam Organic was not doing business directly with farmers, as suggested in the PPP model but with Kasetsart University that provided advice, milled and procured the rice having the patent of the variety being grown. They further noted that extension was a key element in improving yields and that improving irrigation systems was needed while furthering the use of organic fertilizers and botanical pesticides. Efforts should be made to increase farmer profitability and establishing clearly zoning of organic fields to avoid chemical contamination. Participants warned that business may take advantage of farmers as these were too dependent on marketing by Siam Organic with the possibility of it controlling the price. Scaling up should be carefully studied as it would have an implication on the national chemical industry. Finally participants questioned the role of Kasetsart University in engaging in business with farmers as it appeared that KU signs contract on behalf of Siam Organic allowing the company to take advantage through its cooperation with KU.
Population and Community Development Association (PDA) Nakhon Ratchasima Province.

The Population and Community Development Association (PDA) was founded in 1974 as a non-governmental organization with the initial aim to complement the efforts of the Royal Thai Government in promoting family planning in Thailand, especially in areas where knowledge and access to services were scarce. Utilizing a participatory, community-based approach, PDA recruited and trained residents of villages and urban neighborhoods to provide information on family planning, including the supervised, non-medical distribution of oral contraceptives. This distribution network covered more than one-third of the country, thus contributing significantly to the decrease in the annual population growth rate from 3.3% in the mid-1970s to 0.6% in 2005. During the same period, the number of children per family fell from 7 to under two. After addressing the immediate family planning needs, PDA expanded its activities to include primary health care, HIV/AIDS education and prevention, water resource development and sanitation, income-generation, environmental conservation, promotion of small-scale rural enterprise programs, gender equality, youth development, and democracy promotion. Most recently, PDA has aggressively approached the problem of rural poverty by empowering the poor through a Village Development Partnership (VDP)\(^\text{11}\), which establishes a community-owned Village Development Bank (VDB)\(^\text{12}\) for the purpose of providing microcredit. Today, PDA is the leading and most diversified NGO in Thailand, employing over 800 staff members and working with over 12,000 volunteers. PDA has 18 regional development centers and branch offices located across 15 provinces in rural Thailand. It also manages operations of the Lamplaimat-Pattana Primary and Secondary Schools. Summing up PDA has pioneered sustainable grassroots endeavors, marked by extensive villager involvement not only as beneficiaries, but also as partners, planners, managers, and leaders. PDA’s programs are based on the belief that local people are best suited to be an equal partner in shaping and sustaining their own development.

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\(^{11}\) The Village Development Partnership (VDP) is an endeavor to empower rural communities to eradicate poverty and improve their quality of life. It is a genuine partnership between the villagers and a sponsoring company or organization, which helps to advance the public interest. The current model has had over 22 years of trial and error. It has clearly demonstrated to be a successful and sustainable formula of empowerment and self-help that has to do with shared responsibilities and shared opportunities.

\(^{12}\) The Village Development Bank (VDB) One of PDA’s most innovative types of environmental conservation activities focuses on reforestation as a means of capital formation. Each community generates money for a Village Development Bank by planting trees. For each tree planted, a small amount of money (approximately 40 Baht or $1.25) is put into a central revolving fund to facilitate micro loans to rural people who do not have enough collateral for a commercial bank loan.
IV WHAT WAS LEARNED, WAY FORWARD AND ROUTE ASSESSMENT

A. What was Learned

Throughout the Learning Routes the different country teams expressed their opinion on the merits and demerits of the experiences, linking their learning with their specific country settings and institutional roles. It is thus possible to summarize a number of relevant insights for the design, implementation and scaling up of PPP initiatives.

Participants subscribed to the definitions contained in IFAD documents emphasizing the need for establishing clearly at the outset how a partnership would be developed by assessing how complementary strengths and resources would be considered. An envisaged partnership would need to be established in a transparent manner, be equitable and mutually beneficial to all sides with all parties sharing risks, responsibilities, resources and benefits. The performance of the partnership should be constantly assessed through regular monitoring and review so as to ensure that the benefits from it accrue to all but, especially to small-scale farmers and the rural poor.

Twelve learning points include the following:

1. Clearly identify the right partners and the relevant roles and responsibilities taking due consideration that farmer empowerment is primordial and may require providing support for group formation in line with existing social mechanism for participation by the rural poor.
2. Take into account particular situations in adopting any PPP model; be flexible in its adoption and operational modalities based on reliable information on market conditions establishing clear indicators for monitoring and evaluation of the partnership.
3. Establish from the outset financial and economic benefits above all profit sharing mechanisms.
4. Address sustainability issues at the start including financial, economic, environmental and social issues.
5. Ensure that appropriate policies are in place for introduction of a PPP model with special reference to policies that support farming communities.
6. Consider provision of technology transfer mechanisms for improving productivity and adequate infrastructure as essential in implementation of PPPs.
7. Bear in mind that one size does not fit all which, requires making an analysis of specific policy, regulatory and legal frameworks essential before initiating a PPP initiative.
8. Ensure that trust is built in from the start and that this should be maintained all along to ensure success of the partnership.
9. Consider that a knowledge exchange between participating communities furthers a learning process during partnership implementation.
10. Bear in mind that local administrations have in many instances responsibilities and mandates which may have a bearing on partnership development and implementation which, may require consideration of measures for building capacity of local government.
11. Assess potential risks mainly in terms of possible political interference that may inhibits achieving goals as well as those associated with environmental issues mainly climate change considerations.
12. Considered analyzing if the necessary financial, political, environmental, social and cultural spaces exist before proposing scaling up of successful PPP models.

Participants further concurred with suggestions made by IFAD regarding principals for engagement with the private sector as described earlier. Any effort to establish a PPP should be driven first and foremost by the interests and needs of small farmers and poor rural producers with evidence of country ownership and support for private-sector partnerships. Companies involved should comply with social and environmental standards and initiatives should be sustainable after IFAD’s contribution to the partnership has ended.
B. The Way Forward: The Innovation Plans

Innovation Plans, according to the PROCASUR Learning Routes approach and methodology, considers these plans as reinforcing the comprehension of concepts and approaches learned during Route activities such as field case studies, input sessions, workshops and conversations while increasing the use value of the training and impact. Innovation Plans contribute towards improving on-going partnerships in the participant’s countries and with IFAD supported projects as agents in facilitating innovation processes.

Preliminary approaches

Participants, organized in Country Teams, were assisted by facilitators in preparing a Power Point presentation of their proposed Innovation Plan to be submitted at a plenary session and commented on by a Panel of Experts. Upon conclusion of this exercise all participants voted for what they considered the most positive and purposeful Plan. The following is a brief summary of the innovation plans

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13 Expert team, composed by Dr. Faiz H. Shah and Dr. Riaz Khan from AIT-E and Mr. Dario Pulgar from PROCASUR
CAMBODIA: ORGANIC FARM CLINIC PROJECT.

The purpose of this project would be to assist the Project for Agricultural Development and Economic Empowerment (PADEE) in achieving its impact through innovation practices in improving the livelihoods of 90,000 poor rural households in target communes of Kampot, Kandal, Prey Veng, Svay Rieng and Takeo provinces by improving the access to peer to peer training and technical assistance.

The goal of the proposed Innovation Plan would be to take advantage of the opportunities and lessons learnt from the Learning Route on PPP in Thailand in order to develop and implement a PPP model in Cambodia. Specific objectives would include: (a) improving agricultural productivity through the adoption of organic farming practices, (b) linking farmers to a premium market, and (c) establishing a sustainable learning centre or farm treatment centre. Project implementation would include carrying out a number of activities within three main components in addition to project management. Components would include (i) Innovation practices in rice production, livestock breeding and raising and vegetable gardening and, (ii) Access to organic markets and, (iii) Awareness of product food safety. Under the first component the project would establish two Model Farmer Cooperatives, setting up an Organic Farm Learning Centre and scaling up best innovative practices for organic farming using the Learning Route approach and methodology involving participation of local farmers as well as farmers from Thailand and Vietnam. Implementation of the second component would entail establishing a food safety certification process for agricultural produce, providing technical assistance for marketing including branding and packaging and creating sale points for organic produce. The third component would consider farmer to farmer training and the use of media for information dissemination. The project would be managed by a Project Innovation Team and would benefit from allocations under the PADEE project for policy dialogue and monitoring and evaluation activities. The following project logical framework was advanced during the presentation.

Preliminary budgetary requirements have been estimated at US$ 105,000 for a three-year period: component 1 US$ 55,000, component 2 US$ 30,000, component 3 US$ 20,000. The project would be financed by PADEE for a total of US$ 100,000 and a contribution by PROCASUR of US$ 5000.

Project for Agricultural Development and Economic Empowerment (PADEE) PADEE is a US$ 40 M, 6 years project, to benefit 90,000 households in 5 provinces. The Innovation Plan would fit within its improved access to markets component aimed at: (i) Access to more stable and premium markets by enabling farmers to deal with large buyers as a group, (ii) Improved quality production and the introduction of standards, and, (iii) Improved and shortened supply chains with fewer intermediaries.
INDIA: DIVERSIFICATION OF FARMING AND MARKETING ACTIVITIES FOR SMALL AND MARGINAL FARMERS.

The specific objectives of this project would be to increase farmer incomes and generate livelihood opportunities and farmer dignity by connecting farmers to mainstream market operations. The project’s rationale is based on the need to address existing mono-cropping, distress sales for immediate credit needs, low farmer self-esteem and the fact that the region is presently importing vegetables and milk from different parts of the State which is under severe drought conditions at present. Project implementation would entail moving from exclusive cotton and soybean production to vegetable and dairy products and from selling at the village level to selling to consumers and institutional buyers. The project would also attempt to reduce the number of actors in the supply and value adding chain. It is expected that the project would increase the frequency in price realization understood as decreasing price leakage, reducing the lag time between the sale of produce and price realization while creating confidence among farmers. It is estimated that project implementation would result in an increase of farmer income by increasing the price of vegetables and dairy products by 50 % and price reduction of 20% to consumers. The Innovation Plan indicates that implementation would include introduction of solar man driven refrigerated carts for selling vegetables and dairy products. The use of bar codes is also proposed. The Plan would be carried out in the context of the IFAD funded Convergence of Agricultural Interventions in Maharashtra’s Distressed Districts Project (CAIM).

The Convergence of Agricultural Interventions in Maharashtra’s Distressed Districts Project (CAIM)

The aim of this IFAD funded project is to achieve increased productivity through water conservation and organic farming and sustainable, low external input agriculture. Combined with a reduction in production costs, this is expected to result in increased household incomes and improved food security. Diversification into fruit, vegetable and livestock products will contribute to better nutrition. Increased carbon content will enhance soil fertility and increase moisture retention, allowing higher cropping intensity. The project’s innovative features include provisions for: (a) fostering pro-poor partnerships with the private sector, (b) using the instrument of contract farming for production of organic cotton and other crops and c) introducing an end-to-end subproject approach.
LAO PDR: Public Private Partnership Enhancement Project.

The goal of this project would be to ensure sustainable organic coffee production in Sekong, Champassack and Saravane of provinces of the Bolavens Plateau to supply high quality coffee to local and international markets by mobilizing additional financing and furthering capacity building of local farmer groups. Specific objectives include (i) providing a better price to members for quality coffee by securing competitive prices through competition with traders and better farmer’s negotiation skills, (ii) increase production through adoption of better technologies, (iii) furthering quality improvement, improve packaging, branding and enhanced national and international image of Lao coffee. Participating stakeholders would include the Bolavens Plateau Coffee Producers’ Groups Association (AGCP), the IFAD funded Sustainable Natural Resource Management and Productivity Enhancement Project (SNRMPEP), the Department of Industry and Trade. The project would include implementation of three main components. (a) Capacity building, knowledge management and training to include organization of a national or regional seminar on PPP, group formation and training in land management, leadership, packaging, marketing and branding, (b) production and processing support including expansion of coffee plantations and installation of a wet coffee mill for 20 villages and (c) project management and monitoring and evaluation. Total project costs for a three year implementation period were estimated in US$ 705 000 as follows component 1 US$ 310 000, component 2 US$170 000 and component 3 US$ 225 000.

Sustainable Natural Resource Management and Productivity Enhancement Project (SNRMPEP)

The objectives of this project are to achieve more efficient and sustainable natural resources management and improved agricultural productivity in the southern part of the country. The project supports the government’s efforts to maximize the productivity of existing arable land in an area that is limited by topography, undeveloped water resources and inadequate market access. Specific objectives include (i) Increasing agricultural productivity to maintain the recently achieved national self-sufficiency in rice, (ii) Contributing to build capacity for informed management in the agriculture and natural resources sector in line with the government’s overall objectives in relation to productivity and commercialization of agriculture and protection of natural resources, (iii) Furthering capacity building of agency staff at the national, provincial, district and village level, (iv) Encouraging poor farmers to join farmers’ organizations and producers’ associations, making them more attractive partners for the private sector and increasing their capacity to negotiate with potential investors and (v) Enhancing capacity to manage natural resource-based development while promoting agricultural productivity.

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14 The Bolavens Plateau Coffee Producers’ Groups Association (AGPC) is an organization of coffee producers consisting of 53 groups and comprising of 2,625 families that produce coffee. The AGPC was legally created on the 7th August 2007, in order to help its members produce and market gourmet coffees.
MADAGASCAR: STRENGTHENING THE CASSAVA VALUE CHAIN.

The main purpose of this project would be to increase income of rural populations enabling a viable rural environment entrepreneurship by developing the linkage between firm (buyer/investor) and producer organization (farmer/rural micro and small enterprises). By linking Producer Organizations (OP) and Organizations of Micro entrepreneurs (OM) product quality, quality control and marketing actions are enhancing livelihoods of the rural poor which are being implemented within some competitive value chains. Specific objectives are to improve PPP Improvement in the value chain approach, deepen OP/OM development and strengthen knowledge management. To reach these objectives, the project would include: a) disseminating the PPP concept through training workshop; field visits and exchanges, b) building stakeholder capacity, c) empowering local communities, d) establishing and implementing the PPP model and, e) monitoring and assessment.

It is expected that as a result of project implementation one PPP model would be established and implemented in 5 value chains, at least 500 local community members would be involved, at least 6 ministries would participate in the project to cover 5 regions. It is expected to target 500 rural households. Total project costs have been estimated in US$ 365,000.

Support Programme for the Rural Microenterprise Poles and Regional Economies (PROSPERER)

The programme focuses on increasing the incomes of poor rural people in five of the country’s poorest and most densely populated regions. It works towards creating efficient business development services that respond to the needs of small and micro rural enterprises, and builds the capacity of these enterprises to identify their individual requirements. The programme also assist in structuring traditional clusters into modern value chains – by line of business, to enable long-term sustainability and market expansion – with linkages to regional growth poles. The programme also supports young adults who are entering the job market and will provide training and apprenticeship to assist them in eventually creating their own enterprises. It also develop a network of professional apex organizations to offer financial and non-financial services to small entrepreneurs.
THAILAND: STRENGTHENING AND NETWORKING FARMER GROUPS BY USING THE SELF SUFFICIENCY ECONOMY PHILOSOPHY PROJECT.

The main purpose of this project is to support farmers in learning by doing processes while transferring knowledge, methodologies and sharing experiences on the process of sustainable agricultural development by following the King’s New Theory of Agricultural Development based on the Sufficiency Economy Philosophy. The objective of this project would be to increase the net income of farmers while increasing the establishment of farmer group networks. It is expected that as a result of project implementation farmers would not only increase their income but would be deepen their self-reliance while balancing environmental, social and economic conditions. It is believed that project implementation would reduce government costs for providing assistance to the rural poor.

Stakeholders would include relevant government departments, academic institutions mainly Kasetsart University under the Local Scholar Network Learning Centers (LSNLCS) project, the Bank for Agriculture and Agricultural Cooperatives (BAAC), a private sector company and the mass media. The project would include three main components a) Group selection and preparation of a development plan, b) capacity building including training in production and marketing and c) project management.

Total project costs have been estimated approximately in US$ 365 000 for a two year implementation period.

<table>
<thead>
<tr>
<th>Local Scholar Network Learning Centers (LSNLC)</th>
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<tr>
<td>Community Learning Centers (CLC) have been established all over Thailand, 12 CLC operate in the Isaan region, where over 75% of the Thai Rural Poor are concentrated, equivalent to circa 3.5 million people.</td>
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<td>In Isaan half a million people were trained during the last 15 years by the CLC. After returning home, most of the trainees implemented the Sufficiency Economy principles. Most of them developed income generating activities linked to BAAC for access to credit and proper certification to improve marketing (OTOP).</td>
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<tr>
<td>Along with the economic impact of the IGA there are other impacts relevant to refer to in terms of efficiency in the use of natural resources such as land, water and biofuels, food security through the integrated farming scheme and as well in terms of the recuperation of biodiversity.</td>
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<td>Moreover, one very particular achievement is the establishment of independent, self-sustainable local knowledge enterprises.</td>
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The Sufficiency Economy Philosophy includes three distinct phases. The first phase is the adaptable production process, farmers have to understand agricultural sustainable development aspects and apply them in their own farmland. The second phase is to set up the farmers unite in the form of groups or cooperatives to carry out activities in the areas of production, marketing, living conditions, welfare, education and society. In the third phase, farmers make contacts with banks or the private sector to obtain funds to assist them in furthering investments or improving their quality of life. In this phase, farmers can get more benefits, improve the quality of their life and strengthen their capacity building into the network both in community and national level.
VIETNAM: DEVELOPING TRADITIONAL RURAL TRADE VILLAGES AND THE COCONUT VALUE CHAIN PROJECT IN BEN TRE PROVINCE.

This project would entail three components: Component 1 Rural Business Development Services (BDS). The purpose of this component would be to upgrade the coconut value chain by providing training, establishing a BDS network to support rural business activities. Component 2 includes furthering market access for the rural poor and Component 3 related to improvement of Project Management, especially in the facilitation of PPP.

The territorial characteristics make a need to invest in the coconut value chain, integrating the different players in the discussion as the conditions (70% population depend on coconut but only organized in small units of up to 10 people, the actual price is falling and the market is concentrated in exportations to China) and the transformation (producer organizations, private participation, technology upgrade) require an intersectorial support. IFAD funded project role would be to engage the stakeholders and create the capacities and spaces for the value chain to recover.

The Developing Business with the Rural Poor Programme
The programme’s goal is to help develop market and business opportunities for poor rural people in Ben and Cao Beng provinces where rural poverty is widespread. The specific objective of the project is to improve the incomes of a broad target group that includes people with small landholdings and limited assets, landless labourers, ethnic minorities and women. The project helps empower poor households in targeted rural communities to organize themselves for profitable market participation along value chains, in an equitable and environmentally sustainable manner, working to create a favourable policy environment for market linkages, and to generate increased private investment and provision of business development services for microenterprises in the target areas.
The Innovation Plan Contest. Scope and procedures

The Innovation Plans Contest is an invitation to disseminate and put into practice the new knowledge and networking relations established during the Route with the objective of supporting the development of innovative management capacities within IFAD funded projects in order to facilitate and/or participate in ongoing Public Private Partnership in the respective country and complement efforts and resources of the institutions and organizations that have taken part in the Route.

This opportunity of designing an Innovation Plan at country level and in a collective manner, with peer support and technical assistance, should allow organizations to put into practice what has been learnt, independently of the resources that they may or may not be obtained through the Contest thus, the Contest award should be a complement to their efforts and the innovative elements to be introduced are included as part of existing management capacities of the organizations taking part in the process.

Country teams interested in the Contest would send an adjusted version of their Innovation Plan by 21 November 2012 which, should be endorsed by the IFAD Country Office following Contest guidelines in the required template provided in Appendix 6 including the necessary attachments. A Contest Committee will review the plan accordingly based on an evaluation grid attached as Appendix 7 of this document. The Committee will arrive at a decision by 21 December 2012. PROCASUR will publish the results in the Community of Practice of the Learning Route site hosted at: http://asia.procasur.org/ourroutes/ppplearning_route/. Country proponents receiving an award will be contacted in order to sign a Letter of Agreement stating responsibilities among the parties. Activities to be implemented should be carried out during a maximum period of 10 months, from the date of the signature of the corresponding Letter of Agreement. Once the implementation period has concluded, organizations will have 15 additional days to present a closing report for approval by the PROCASUR Corporation. This report should include a description of activities implemented, outcomes achieved and an analysis of lessons learned applicable to other experiences including photographic and/or audiovisual support.

The Contest seeks to co-finance two to four Innovation Plans, with a maximum amount of US$ 7,500 each, focused on public-private-partnership initiatives that involve IFAD supported projects. Disbursement of the PROCASUR financial contribution will be executed in two tranches: 80% upon signature of the Letter of Agreement between the PROCASUR Corporation and the recipient organization(s) and 20% upon presentation of a final report on the implementation and outcomes of the Innovation Plan. The Letter of Agreement will establish details of the responsibilities and obligations of each party including reports, verification of activities and expenses. Services and contracts implemented by the award recipients should not include or generate any liabilities to the PROCASUR Corporation. Co-financing by the recipient organizations can be in cash or in-kind and may value time dedicated by their members and or employees in implementing the Plan. Financial rewards may not be used to cover the recipient’s overhead expenses, infrastructure nor purchasing or rental of equipment. Financial rewards may be used for contracting local talents or experts and direct operational costs for implementation of the Innovation Plan.