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Evidence and lessons from Latin America

In Latin America, public-private partnerships have proven to be a successful tool for promoting rural development. Adequate coordination and involvement of stakeholders at the local level has been fundamental in achieving positive results.

ALLIANCES TOWARDS A COMMON GOAL: THE ROLE OF PUBLIC-PRIVATE PARTNERSHIPS IN RURAL DEVELOPMENT IN LATIN AMERICA

SUMMARY

Over the last two decades there has been growing interest in Latin America for using public-private partnerships (PPPs) to catalyse rural development. This has come about largely in response to the failure of state and market-led models to reduce poverty amongst the region's smallholders who today number around 14 million and account for the largest sector of poor people on the continent. Public-private partnerships represent a 'third-way', one which seeks to capitalise on the expertise and investment capacity of the private sector, while at the same time driving forwards pro-poor development goals. Governments across the region have implemented two kinds of partnerships to build bridges between companies and farmers: PPPs for agribusiness development; and PPPs for improving services for rural smallholders. These arrangements have produced interesting results, both in terms of improving market conditions and boosting the livelihoods of the rural poor. This Brief begins by explaining the emergence of PPPs in Latin America, before exploring specific experiences to draw out common success factors and key lessons for policy makers and practitioners working in other regions of the world.

THE EVOLUTION OF PUBLIC AND PRIVATE ROLES IN RURAL DEVELOPMENT IN LATIN AMERICA

The Latin American approach to rural development has dramatically changed over recent decades. Between the 60s and 80s, mainstream thought assigned the public sector a protagonist role in rural development, which was characterised in many countries by land reform (to different degrees and with varying outcomes) and the development of large-scale infrastructure programmes. Likewise,

KEY LESSONS LEARNED

Public-private partnerships are an important tool for rural development because they combine the expertise and leverage of the private sector with public sector incentives to promote sustainable rural development and reduce poverty.

Four key elements to the success of PPPs are: i) the existence of a common interest between partners; ii) transparency and accountability in resource allocation; iii) a clear operational structure that facilitates information flows and decision making; and iv) independent monitoring and evaluation.

In order to achieve long-term sustainability of PPPs, the selection of a private partner should take into account its commitment to building capacities amongst smallholders and improving rural incomes.

new institutions were created to intervene across different economic sectors in what was defined as the "Integrated Rural Development" approach.[1] In practice, farmers were subordinated to centrally planned objectives and highly exposed to economic crisis and resulting budget cuts. In fact, when the debt crisis occurred in the 1980s, most of these programmes were halted due to a lack of funding.

In the 90s, the public sector apparatus was dismantled and a new and antagonistic process began, orientated by structural adjustment and trade liberalisation programmes that were established in almost all Latin American countries. The focus of this new approach was to minimise the role of the state and assign free markets the responsibility of resource allocation and economic development.

Development interventions became highly specialised and were designed to tackle specific problems within complex national and regional contexts. In many cases, even where some positive outcomes did occur, it was obvious that the intended impacts of the interventions were lower than expected due to this parochialism. Consequently, the majority of smallholder farmers were effectively excluded from the benefits of the economic dynamism during this decade since they were simply not attractive enough to the private sector.

In response to these experiences, there is general agreement nowadays that rural development requires coordinated actions across different sectors and levels of government, and between the public and private sector, while also recognising the large heterogeneity of the rural environment.

Today, a new generation of public policy for rural development aims to capitalise on the efficiency of specialised and enclosed interventions in specific markets, this time within a territorial, multi-sectorial, multi-market and multi-actor framework known as the Rural Territorial Development approach (Box 1). In this new vision of rural development, smallholder farmers drive initiatives, are proactive, mobilise their assets and define their own objectives.[2]

Box 1: The Rural Territorial Development Approach

The Rural Territorial Development approach has emerged over the last decade in Latin America as an alternative paradigm to poverty reduction, one based on lessons learned from the failures and successes of past interventions. This approach is orientated to promote productive transformation and institutional change based on an understanding of the context-specific characteristics of a given territory. A key element within the Rural Territorial Development approach is building adequate institutional architecture at the local level, where diverse stakeholders actively participate towards common goals. Although local-level coordination continues to pose significant challenges in many Latin American countries (due mainly to a lack of technical and managerial capacity) this decentralised approach also represents a big opportunity for success where local opportunities and problems are well understood, when national, regional and local policies are aligned towards specific objectives and where all relevant actors can be engaged to participate equally in the process.[3]

THE EMERGENCE OF PUBLIC-PRIVATE PARTNERSHIPS AS AN ALTERNATIVE TO OVERCOME RURAL POVERTY

While trade liberalisation has produced some positive outcomes in terms of agricultural productivity and economic growth in the agricultural sector, these benefits have not been extended to the large majority of smallholders who are simply not attractive enough to the private sector. In most developing countries, smallholder farming still accounts for the largest numbers of poor people.[4] Over the last decade, there has been wide recognition that the private sector alone will not be effective

[1] Lacroix, R. and AMEC, Inc. 1985. *Integrated Rural Development In Latin America*. World Bank, Washington, DC.
[2] For a detailed discussion of the evolution of rural policies in Latin America, see Trivellli, C. *et al.* 2010. *Caja de Herramientas para el Desarrollo Rural (Rural Development Toolbox)*. Andean University Simón Bolivar, Quito and Institute of Peruvian Studies, Lima.
[3] For more information on the Rural Territorial Development Approach, please refer to the ELLA Guide on Smallholder Farmers and Rural Development.
[4] International Fund for Agricultural Development (IFAD). 2011. *Rural Poverty Report*. IFAD, Rome.

in tackling this poverty, but it is also acknowledged that private sector expertise, and its ability to invest in scaling-up successful initiatives, is a necessary instrument for rural development. As a result, a new interest in public-private partnerships (PPPs) in the rural sector has become a key component of a new generation of Latin American policies aimed at promoting more sustainable and inclusive rural development.

This recognition of the importance of the private sector as a potential ally in rural development and poverty reduction has been enhanced by the recent food price crisis (or 'boom'), which has transformed agriculture into an increasingly attractive investment; in particular with regards to land ownership and control. The food price hikes have led to a growing demand from the private sector to secure access to raw materials and supplies as part of their strategy to build long-term competitive advantages.

It is in this context that public-private partnerships have emerged as an alternative to overcome rural poverty. Such partnerships are formalised through formal contracts, on the assumption that under specific conditions (incentives, trust, coordination, responsibility, etc.) it will be possible to channel private investments to contribute to pro-poor development. While the private sector benefits from the supply side (including access to higher quality and more timely products) under this kind of arrangement, farmers benefit from better linkages to more markets and access to innovation, technology and better services. For this scenario to prosper, viable models are required to bring together the interests of all stakeholders in ways that are equitable and transparent.

While in general the public sector acknowledges the importance of partnering with the private sector, frequently the private sector mistrusts public sector intentions. More fundamentally, two key factors often inhibit greater participation by the private sector in least developed regions where poor smallholders are concentrated, namely high risk and low profitability. Less developed areas are characterised by a lack of adequate infrastructure (roads, irrigation, electricity, etc.) and low productivity levels (associated with poverty), which magnifies the typical levels of risk associated with agricultural activities and undermines profitability.

Faced with these challenges, Latin American governments have reacted by increasing investments in rural infrastructure on the back of regional economic growth and positive fiscal accounts experienced over the last decade. While private sector investments are still far from what is "needed", these large public investments in rural roads, electrification, and telecommunications (among other things) have successfully reduced the productivity/risk ratio[6] by bringing down transaction costs, making investment in rural areas more attractive, and ultimately paving the way for increasing private sector buy-in into PPPs.

In general, two types of arrangements have emerged in the region: PPPs for agribusiness development; and PPPs for improving services for rural farmers.

1. PPPs for Agribusiness Development

These types of partnerships are typically initiated by the public sector as part of a set of policies designed to promote rural development and reduce poverty through market-orientated mechanisms, with the objective that small and organised farmers benefit from improved access to dynamic markets. In the majority of cases, government programmes run a competitive scheme to subsidise business plans put together by an "operator". The operator can be a private firm, an NGO, a local municipality or any institution that meets the requirements set by the public sector (Box 1).

At the initial stage it is the operator who identifies the opportunity to develop a business plan based on awareness of a common interest between the private sector and smallholder farmers, and between them and public sector goals and objectives. Once the benefits and costs of the potential partnership have been identified and understood, a business plan is developed jointly between all parties involved, usually with technical support from the public sector. The business plan is then evaluated by the public sector according to a strict set of indicators that include previous experience of partnerships, technical aspects (problem diagnosis, intervention strategies, sustainability, etc.), and economic factors (such as cost/benefit analysis and funding).

[5] For a more in-depth understanding of land-grabbing processes in Latin America, read the ELLA Brief: Land Grabbing in Latin America: Opportunity or Threat?
[6] Economic Commission for Latin America. 2011. 'The Economic Infrastructure Gap in Latin America and the Caribbean' In: *Facilitation of Transport and Trade in Latin America Bulletin* 293(1).

Box 2: Programme of Support Services to Gain Access to Rural Markets (PROSAAMER), Peru

The PROSAAMER programme is an initiative from the Peruvian government and the Inter-American Development Bank, with the objective of improving access to rural markets among smallholder farmers. A key component of this programme were the "Entrepreneurial Advisory Services", designed to support the development of business plans via a competitive scheme offering partial funding. Business plans are presented to PROSAMMER by an "operator" – a private sector agent who has previously been accredited by PROSAAMER to formulate, present and implement business plans. Operators can be trading companies, input and/or services suppliers, agro-exporting firms or NGOs, as well as other entities. The partnership is set up between the operator and the public sector, and is legally enforced by a contract in which all the details of the business plan are stipulated, in particular the schedules, responsibilities and fund disbursements. The operator is in charge of contacting the farmers and jointly developing the business plan with them. These plans are expected to include schemes to develop commercial agreements or alliances between organised rural farmers and buyers, as well as strategies for reducing transaction costs and facilitating access to financial and technology markets. Between 2006 and 2011, the programme funded the development of around 165 business plans between private sector agents and smallholder farmers.

Source: De Los Ríos, C. 2013. *Alianzas Público-Privadas para el Desarrollo de Agronegocios (Public-Private Partnerships for Agribusiness Development)*. FAO, Rome.

The PPP is formalised in a contract that clearly stipulates the financial and operational responsibilities of each of the parties, and sets out a disbursement plan according to a detailed schedule of activities. It is critical for the success of the partnership that all parties have clear expectations about their roles, as well as the risks and benefits, so that the transparency and sustainability of the partnership is optimised.

Adequate monitoring of the process to develop the business plan is required in order to ensure that the interests of smallholder farmers are not exploited and that the partnership is drawn up on equitable and inclusive terms.

The public sector typically provides the general strategy and a reasonable proportion of the total funds needed in the business plan, and monitors the evolution of the business plan. The amount of co-financing provided by the public sector varies from programme to programme. In some cases, the public sector funds technical assistance which can represent up to 20% of total project costs, while in other programmes the public sector may cover the full costs including input supply, training and technological innovation.

There is no evidence of direct funding from the government to the core-business of the private partner. Sometimes the farmers' association also provides co-financing using cash or in-kind contributions, typically labour and/or inputs. The private sector provides goods and services, as well as technical assistance to farmers in order to help them improve the quality and quantity of production.

This scenario provides an interesting alternative for the private sector since it ensures a more consistent supply of higher quality raw materials from rural farmers. Likewise, farmers benefit from having access to a more secure and sustainable market for their products.

Governments across Latin America have developed a myriad of PPPs for agribusiness development (Figure 1). International organisations have also played a key role in supporting governments across the region to integrate PPPs into rural development programmes, perhaps most notably the International Fund for Agricultural Development which finances programmes including Paraguay Rural Project, Value Chain and Market Access Project for Small-scale Producers in Nicaragua and Sustainable Land Management in the Semi-arid Regions of Brazil.

Figure 1: Keystone PPPs for Agribusiness Development in Latin America

Country	Programme	Objectives and Key Impacts
Peru	AGRORURAL (Ministry of Agriculture)	AGRORURAL's mission is to design, manage and promote rural development models including PPPs that contribute to poverty reduction and social inclusion amongst rural households. As well as leading policy design, AGRORURAL also coordinates actions at the local level. The Sierra Sur (Southern Highlands) programme (part-funded by IFAD) has demonstrated positive results in terms of using PPPs for providing technical assistance and increasing access to financial services by rural smallholders. A 2004 impact analysis indicates that income rose by "up to 64 percent in households receiving technical assistance from private service providers" and that estimated return on project investment "ranges between three and five dollars for every dollar spent by the project on the communities".
Peru	FONDOEMPLEO	A private entity created and regulated by Peruvian law with the objective of promoting PPPs between private companies, NGOs and the public sector. Its mission is to design and implement projects aimed at generating sustainable employment and income through the provision of training and technical assistance to enhance entrepreneurial skills amongst poor smallholders. Most of the projects funded by FONDOEMPLEO have achieved good results in terms of increasing rural employment and incomes. Success in this programme stems from the competitive-based funding for business plans which includes strict eligibility requirements.
Guatemala	Ministry of Agriculture, Livestock and Food	Has established a range of agreements with private sector actors to promote sustainable growth amongst small agribusinesses. Examples include the Guatemala Federation of Coffee Growers Cooperatives (FEDECOCAGUA) partnership, which has been running for almost fifty years to improve the marketing of organic and fair trade coffee; and a partnership with the Rural Development Bank, the National Coffee Association and the Guatemala Federation of Coffee Growers Cooperatives (FEDECOCAGUA) to improve production (+25%) and market access (+10%) in international markets for cardamom, coffee and pepper.[7]
Colombia	Sectorial Competitive Agreements and Productive Alliance Support	PPPs have been promoted by the government since 1995 with the implementation of Sectorial Competitive Agreements,[8] followed by the Productive Alliance Support (PAS) programme launched together with the World Bank in 2002. The PAS Implementation Completion Report (ICR) published in 2009 concluded that the PPPs had a significant impact on family income, employment and institution building, as well as unexpected effects such as PPPs being imitated by neighboring producer associations.[9]
Nicaragua	Value Chain and Market Access Project for Small-scale Producers (PROCAVAL)	The objective of the programme is to support smallholder participation in value chains through strategic alliances with private-sector buyers. The private sector invests in technical assistance related to post-harvest handling and private infrastructure (storage facilities, land access). The government together with the IFAD facilitates communication between farmers, cooperatives and the private sector, and generates the enabling environment in order to make sure the partnerships benefit all stakeholders. Key impacts include: • 5,000 families signed up to PPPs • More than 3,500 new jobs created with benefits to approximately 2,000 families • Approximately 18,000 households have improved productivity of coffee, honey, diary, bean, rice, meat and cocoa products, as well as fruit processing • 2,500 families have diversified their incomes • 1,100km of roads repaired, a process led by more than 8,400 families who form part of the community brigades involved in road repair and maintenance schemes.

2. PPPs for Service Provision

Another type of PPP in Latin America has to do with the development of agreements to provide rural services. The most common agreement are PPPs for the construction, operation and management of agricultural infrastructure, such as irrigation programmes that provide water access to generally large-scale agribusinesses. In Peru, for example, PPPs have been established aimed at expanding agricultural land along the desert coast. Specific examples include the Chavimochic (northern Peru) and Majes-Siguas (southern Peru) irrigation projects that have created around 80,000 new hectares of agricultural land.

[7] FAO. 2013. *Agribusiness Public-Private Partnerships. Country Case Studies – Latin America. Annexes*. FAO, Rome.
[8] Sectorial agreements with a set of specific actions and responsibilities aimed to create, strengthen and sustain the competitiveness of a specific economic sector for the medium and long run.
[9] De Salvo, C. P. No date. *Productive Alliances in Latin America and the Caribbean: A Review*. FAO, Rome.

Another type of PPP for service provision are those which provide financial services to smallholder farmers, including the development of credit and life insurance markets for agriculture. These PPPs are being developed on a relatively small scale between local authorities and small, organised groups of farmers. The Peruvian programme *Sierra Sur*, for example, has developed a strategy for improving the financial inclusion of rural women by joining up efforts of Micro Finance Institutions (MFIs) and the public sector to provide incentives to low-income rural indigenous women (the most excluded group in the socio-economic pyramid) to open an account in a formal institution. While these partnerships have large potential for scaling-up in the region, they have not yet been fully developed and there is currently no information available on impacts.

The most important initiatives in the region in terms of number of beneficiaries (mostly small-scale rural farmers) are related to agricultural insurance. In almost all cases in Latin America, governments have intervened to promote the creation and development of agricultural insurance markets through a wide array of initiatives designed to generate the conditions for private sector investment and product demand (Figure 2). Under this type of PPP, the public sector provides stability to the system through resources (most of the time premium subsidies), and relevant inputs (agricultural and meteorological information). In most cases, the private sector (insurers and reinsurers) is responsible for taking the risk, marketing the product and developing a suitable information system. While participation of the public sector stimulates competition amongst insurance companies, it is hoped that shared responsibility between the public and private sectors for information, research and development will improve the quality and lower premiums for farmers.

Agricultural insurance is considered a key instrument for risk management, but its development is still incipient in Latin America. Sixteen out of 18 Latin American countries that offer agricultural insurance do so with some form of support from the public sector.[10] Although two-thirds of the region's governments consider risk management "highly important", the region only accounts for 3.5% of global agricultural insurance premiums compared to a 10% share in global agricultural and livestock GDP. Numerous Latin American governments are currently improving their existing insurance programmes; in Colombia, Ecuador and Peru, governments are allocating more funds and engaging in research to refine products and expand information systems.

PPPs for agricultural insurance generally require private insurers to comply with a strict set of design and pricing criteria in order to qualify for public sector support. In Chile, for example, the Agricultural Insurance Committee is in charge of approving insurance policies and premium rates under the government's subsidy scheme. In Peru, the Guarantee Fund for Agricultural Insurance and Credit (*Fondo de Garantía para el Campo y del Seguro Agrario* – FOGASA) sets the rules for the agricultural insurance system, runs a qualifying scheme for insurance companies to determine whether they are eligible for participating in the system, and also approves insurance policies and premium rates offered.

Figure 2: Government support for agricultural insurance in Latin America

Country	Type of support				Annual support (Million US$)
	Research & development	Legal & regulatory framework[11]	Premium subsidies	Reinsurer	
Mexico	X		X	X	145
Brazil	X		X	X	163
Argentina	X		X		5
Peru	X		X		13.5
Chile	X	X	X		3.5
Ecuador	X		X		2.3
Colombia	X	X			5.4

Source: World Bank 2010, see n9

[10] World Bank. 2010. *Agricultural Insurance in Latin America: Developing the Market*. World Bank, Washington, DC.
[11] While all agricultural insurance schemes in the region are subject to specific legal and regulatory frameworks, in Chile and Colombia the Superintendent of Banks and Insurance (*Superintendencia de Banca y Seguros* - SBS) authorises insurance policies as one-offs, given they are new products with very specific characteristics.

A recent study developed by *La Positiva* (insurance company) in Peru found that around 42% of farmers who received compensation after being adversely affected by a weather event used the money to reinvest in their plot, 56% used it to buy inputs and seeds and 54% used the money to cover food shortages. While the amount of compensation is perceived as rather low, it definitively helped the farmers cope with the impacts on their production and consumption. The 2010 World Bank report Agriculture Insurance in Latin America provides some insightful observations based on a review of schemes in Argentina, Bolivia, Brazil, Chile, Costa Rica, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela. Given that supply of agricultural insurance products in the Latin American region is relatively evolved in comparison with Africa and Asia, both in terms of diversification and number of companies offering insurance, this report provides some useful lessons on opportunities and challenges for policymakers and practitioners (Box 3).

Box 3: Agricultural Insurance in Latin America and the Caribbean: Selected Findings

- Key aspects to consider when designing an adequate agricultural insurance strategy include: (a) an understanding of the economic and social relevance of the agricultural sector, (b) the deconstruction of agricultural producers into agribusiness segments, (c) the assessment of the risks affecting agricultural production, (d) the identification of the risk management strategies implemented by agricultural producers and governments, and (e) the assessment of the rural finance sector, especially issues around access.
- The development of agricultural insurance requires a long-term PPP effort. It is not realistic to expect to reach high levels of penetration in the short term and it takes a long time to develop agricultural insurance products that are attractive to farmers.
- Crop insurance is the most developed business subline of agricultural insurance in Latin America and the Caribbean. Yield-based schemes are the most common, while index-based insurance is one of the most promising products.
- Proper assessment of agricultural production risks, linked to ongoing product development, is a precondition for the development of sustainable agricultural insurance programmes.
- The bundling of agricultural insurance products with existing services or networks operating in rural areas is important to increase coverage and reduce transaction costs. Complementary support for agricultural insurance operations could include the promotion of (a) cooperatives, producer associations, rural banks, and microfinance institutions as delivery channels for agricultural insurance and (b) technical support units for agricultural insurance in start-up situations.

Source: World Bank. 2010. *Agriculture Insurance in Latin America*. World Bank, Washington, DC.

ENABLING FACTORS

THE DRIVERS BEHIND PPPs IN LATIN AMERICA

Economic liberalisation in the region has been a key element in the proliferation of free trade agreements with other countries and trading blocs. International markets demand new standards for production, and competition has increased in domestic and international markets. Furthermore, since the food price crisis (or 'boom'), agriculture has become an increasingly attractive investment, and more and more private companies have been looking to secure long-term access to raw materials and supplies. This economic process has driven the private sector's interest in rural areas. The trend constitutes a new challenge for smallholders which needs to be tackled through a new set of policies that meet the needs and interests of all actors.

On the other hand, high levels of rural poverty and evidence showing that smallholders have been excluded from the benefits of economic liberalisation have created a consensus on the importance of taking action for economic inclusion of the rural poor. In this sense, governments have developed institutions and a set of programmes to promote smallholder farmers' economic development. It is within this scenario that the public sector identified the need and willingness of the private sector to engage in rural markets and, consequently, public-private partnerships have emerged.

The public sector has developed specific programmes to channel private sector support, aimed primarily at strengthening capacities and production of smallholder rural farmers, securing a market for their products, and ensuring the provision of high quality raw materials for the private sector. The presence of such programmes has been a key determinant for private investment in rural areas.

Finally, for private investors the provision of public infrastructure (rural roads, telecommunications, basic public services) also proved a good incentive to invest in rural areas as it reduces transaction costs and makes investments more profitable.

LESSONS LEARNED

1. Public-private partnerships are an important tool for rural development because they combine the expertise and leverage of the private sector with public sector incentives to promote sustainable rural development and reduce poverty.

2. Four key elements seem to determine the success of PPPs within the Latin American context and should be considered by policy makers in other regions interested in setting up similar schemes.[12]

   a. The existence of a common interest between partners. A steering committee with representatives of all stakeholders can facilitate the formation of a PPP around shared goals and values. In Latin America, the value chain approach is providing a useful framework for bringing smallholders into negotiations with the public and private sectors to develop PPPs for agribusiness development and rural service provision.

   b. Transparency and accountability in resource allocation are essential for optimising efficiency and sustainability of PPPs. The challenge is to create mechanisms under which the public sector does not overshadow smallholders' initiatives; as well as mechanisms to ensure that public funds are not allocated for political reasons. Most PPPs implemented in Latin America use competitive funds to allocate resources, thereby maximising transparency and building trust among partners. Another key strategy has been to include civil society as members in qualification committees or to coordinate yearly activities during joint sessions, between authorities and farmers' associations (Box 4).

Box 4: Local Committees for Resource Allocation in Peru

Between 2000 and 2006 the Peruvian government and IFAD implemented the *Corredor Puno-Cusco* project in the southern Andean region. This project used an innovative competitive-based mechanism to allocate resources for local business plans, action plans, investments for local development and financial innovations. A salient feature of this mechanism is that the projects financed are managed and organised by Local Committees for Resource Allocation (or CLAR) in response to local priorities and needs.

The CLAR represents an innovative and low-cost mechanism for improving transparency and accountability of PPPs. CLAR members participate in the design of the rules for resource allocation and project selection, such as setting requirements for participation from the public sector. Members of the CLAR are selected based on their reputation, knowledge and commitment to local rural development and are elected by local people in a public session

This mechanism has been used over time by different groups, from families to schools and entire communities. While the amount of money disbursed per project is rather small, this financial injection is very useful for building local economies in particular amongst communities with low levels of monetisation. There is also a technical assistance fund that can be used by the CLAR when there is a specific demand for it.

Source: de Zutter, P. 2004. *Diez Claves de Éxito para el Desarrollo Rural (Ten Key Factors for Rural Development Success)*. IFAD, Rome.

[12] Hartwich, F. *et al.* 2007. *Building Public-private Partnerships for Agricultural Innovation*. Food Security in Practice Technical Guide Series. International Food Policy Research Institute, Washington, DC.

c. PPP design should facilitate decision-making and information flows and requires an operational structure with clearly designed roles, processes and responsibilities. The contributions of different partners to a PPP should be transparent, including what resources different partners provide, both monetary and in-kind, and how these resources are to be allocated.

d. PPPs should be independently monitored and evaluated. First and foremost, M&E mechanisms should help to ensure that the interests of smallholder farmers are protected and include appropriate conflict resolution mechanisms. Likewise, M&E tools can be used to ensure all the partners are performing as expected and that the partnership progresses according to schedule.

3 While there is a specific economic interest from the private sector in engaging in PPPs, the public sector should prioritise the need to achieve long term sustainability for smallholders. For this to take place, the selection of a private partner should take into account its commitment to building capacities among smallholders (managerial, technical, operational, etc.) and improving rural incomes.

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