

## Food Systems Innovation



# A situational assessment of Aid for Trade (A4T), public private partnerships (PPPs) and inclusive business opportunities for Australia

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The Food Systems Innovation initiative is supported by the Australian Government Department of Foreign Affairs and Trade (DFAT), the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Australian Centre for International Agricultural Research (ACIAR) and its Australian International Food Security Research Centre (AIFSRC).

## About the Food Systems Innovation initiative

The Food Systems Innovation initiative is a multi-agency partnership. It is co-funded and supported by the Australian Government Department of Foreign Affairs and Trade (DFAT), Commonwealth Scientific and Industrial Research Organisation (CSIRO), Australian Centre for International Agricultural Research (ACIAR) and its Australian International Food Security Research Centre (AIFSRC).

FSI aims to improve the impact of Australian Overseas Development Assistance investments in agriculture and food security. The project will do this through:

- strengthening the analytical and evidence base for the design of Australia's food security interventions
- more closely linking research outputs with improved development practice
- supporting greater coherence, coordination and integration of effort between Australian agencies in food security, particularly DFAT, ACIAR, AIFSRC, CSIRO and other partners
- promoting organizational learning and building the professional capacity of partners and Australian staff involved in food security programs.

FSI is the second stage of an initiative established between AusAID and CSIRO in July 2012 and is



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# Acronyms and Abbreviations

A4T	Aid for Trade
ABS	Australia Bureau of Statistics
ACFID	Australian Council for International Development
ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
AECF	African Enterprise Challenge Fund
AIFSRC	Australian International Food Security Research Centre
AIPD-Rural	Australia-Indonesia Partnership for Rural Economic Development
AIP-PRISMA	Australia-Indonesia Partnership for Promoting Rural Income through Support for Markets in Agriculture
ASEAN	Association of Southeast Asian Nations
BIF	Business Investment Fund
BOP	Base of the pyramid
CAVAC	Cambodian Agricultural Value Chain Program
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CSR	Corporate social responsibility
DFAT	Department of Foreign Affairs and Trade
DFATD	[Canada] Department of Foreign Affairs, Trade and Development
DFID	[U.K.] Department for International Development
ECF	Enterprise Challenge Fund
EITI	Extractive Industries Transparency Initiative
FAO	[UN] Food and Agriculture Organization
FDI	Foreign direct investment
FSI	Food Systems Innovation Initiative
IBM	Inclusive business model
IFC	International Finance Corporation
LDC	Least developed country
M&E	Monitoring and evaluation
M4P	Making Markets Work for the Poor
MDF	[Australia] Market Development Facility
MFI	Microfinance institution
OCTA	Office of the Chief Trade Advisor
ODA	Official development assistance
OPIC	[U.S.] Overseas Private Investment Corporation
PACER	Pacific Agreement on Closer Economic Relations
PHAMA	Pacific Horticultural and Agricultural Market Access
PITIC	Pacific Island Trade and Investment Commission
PPP	Public-private partnership
RCEP	Regional Comprehensive Economic Partnership
RI's	Research Institutions
SIDA	Swedish International Development Cooperation Agency
SME	Small and medium-size enterprise
TPP	Trans-Pacific Partnership

WHO	World Health Organisation
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WTO	World Trade Organisation
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# 1. Introduction

This study is one of three background studies<sup>1</sup> commissioned as part of the Food Systems Innovation initiative (FSI)<sup>2</sup>. This study aims to provide an overview of the Australia's development assistance in the agriculture and food sectors. It focuses on Aid for Trade (A4T), public-private partnerships (PPPs) and inclusive business model (IBM), and the relationships between the delivery of Australia's ODA programs and the private sector businesses that may be directly or indirectly involved. The development assistance considered is typically, though not always<sup>3</sup>, delivered through DFAT (previously AusAID), ACIAR, or NGOs based in Australia. Since the involvement of businesses, particularly inclusive businesses, in the delivery of development outcomes was found not to be well understood within the Australian development assistance community not the private sector, the authors sought to understand the reasons behind this and to collect information from participants on how private sector engagement could be improved. The report also seeks to provide recommendations based on CARANA's private sector-oriented implementation experience and international experiences gleaned from extensive desk research and interviews with key businesses and organisations that have a role in the delivery of Australia's aid program in the agriculture and food security sectors.

The study is organized as follows:

Chapter 1: Key Concepts and Definitions

Chapter 2: Overview of Australia's Strategic and Program Agriculture and Food Security Investments, including an overview of Australia's new Aid Framework and Strategies and Current Programs

Chapter 3: Lessons and experiences from Australian market driven approaches for agriculture (PPP's and IBM's)

Chapter 4: Research findings and implications for Australian PPPs and IBMs Conclusions and suggested ideas for the future

Chapter 5: Conclusions and ideas for the future

## 1.1 Methodology

While Australia's ODA reaches a large number of countries around the world, this study focused on countries in Asia and the Pacific region—the primary targets of Australian assistance. The breakdown of Australia's aid budget for 2013-2014 is shown in the table below, highlighting those countries receiving the greatest volume of development assistance in Asia and the Pacific.

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<sup>1</sup> Study 1 is a review of the international trends in A4T with a focus on agriculture. Study 2 is a review of the global experience of donors, in partnership with the private sector, delivering an aid agenda with a focus on food security and nutrition in developing countries that are pro-poor.

<sup>2</sup> FSI is a partnership among the Australian Government Department of Foreign Affairs and Trade (DFAT), the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Australian Centre for International Agricultural Research (ACIAR), and the Australian International Food Security Research Centre (AIFSRC).

<sup>3</sup> E.g., development assistance delivered by a state government agency such as AgWest.

Region	Budget (2013 - 2014)
<b>East Asia, total</b>	<b>A\$1.4bn</b>
<i>Indonesia</i>	<i>A\$647m</i>
<i>Vietnam</i>	<i>A\$159m</i>
<i>Philippines</i>	<i>A\$141m</i>
<b>Pacific, total</b>	<b>A\$1.11bn</b>
<i>Papua New Guinea</i>	<i>A\$507m</i>
<i>Solomon Islands</i>	<i>A\$188m</i>
<b>South and West Asia</b>	<b>A\$513m</b>
<b>Africa and the Middle East</b>	<b>A\$463m</b>

The study began with comprehensive **desk research** of available literature. A list of sources used is provided in the Bibliography and Appendix 8. The next stage involved comprehensive **interviews** across the following groups (see Appendix 1 for list of people interviewed):

- DFAT, ACIAR and CSIRO officers directly involved in delivering Australia's development assistance program
- Associations representing relevant Australian business groups particularly from the agribusiness sector
- Individual businesses operating in developing countries in the agriculture or food sectors
- NGOs and organisations directly involved in the delivery of Australia's development assistance program.

A total of 39 people from 30 different organisations and businesses were interviewed. Interviews were structured to understand the roles and functions of each organisation; they also sought to uncover the development community's level of understanding of how businesses operate, and the depth of the business community's understanding of how development agencies function. This was first examined from an historical perspective, i.e., their experience working with one another. The interviewees were then asked about ways in which Australian ODA and Australian businesses could improve collaboration in the future to deliver sustainable development outcomes.

Based on the interviews and the experience of CARANA, the study team identified strategic and programmatic implications for Australian ODA and developed practical recommendations on a way forward for Australian ODA.

The study team encountered a few constraints, including: 1) delays in authorisation to contact the private sector, leading to less comprehensive coverage of private sector views than was initially planned; and 2) time constraints, especially in regards to research on relevant Australian experience in the use of PPPs.



## 2. Key concepts and definitions

### 2.1 Aid for Trade

Developing countries face a range of infrastructure, regulatory, and resource constraints that hamper their ability to trade and integrate into global value chains, translate gains from trade into growth and development, and mitigate the effects of trade liberalisation. The global **Aid for Trade (A4T)** agenda has sought to resolve these challenges and spur development. A4T is an 8-year-old international, multi-donor initiative led by the World Trade Organisation (WTO) that is aimed at helping developing countries to engage in international trade. Although ‘aid for trade’ by other names had been a feature of many donor programs following the 1995 launch of the WTO, the 2005 WTO articulation of an A4T agenda in collaboration with donor partners and institutions, aimed to respond to developing countries that were not seeing the tangible gains in exports, growth and poverty reduction they had hoped for from prior efforts. From the start, the A4T initiative was to help developing countries overcome supply-side and trade-related infrastructure constraints that were blamed for holding back developing countries’ global trade integration.

#### *Chapter Summary*

This chapter provides an overview of key concepts and terms relating to Aid for Trade, public private partnership (PPPs) and inclusive business models (IBMs) used as a basis for the rest of the study.

Donors and host countries agreed to focus on practical activities that would generate exports, growth, and increased incomes. This involved a convergence of development-centric approaches with trade-centric ones, a convergence that was mirrored in many donor country and agency bureaucracies, ministries and agencies. Put simply, development agencies moved generally from programs that centred on stimulating production to ones that developed stronger linkages between producers, markets, and buyers—including regionally or globally. And trade-centred programs moved from a focus on reforming trade laws and institutions to identifying and removing constraints to integrating producers into global trade opportunities.

In relation to agriculture specifically, an A4T approach means that agricultural projects that might not have had much of a market focus, now should think about how to link beneficiaries/participants to markets and global value chains. Many agricultural projects may on the surface look the same, but their rationale, entry points and exit strategies are affected by the fact that A4T implies that smallholders should become better connected to their prospective markets, buyers, and even consumers.

Study 1 identified the major global trends in A4T. These are summarised in Appendix 2.

### 2.2 PPP and IBM

There is an evolving definition, or segmentation, of **Public-Private Partnerships (PPPs)**. Originally PPPs were a way to utilise the private sector to provide a good or service normally delivered by the public sector. Now, PPPs encompass a variety of partnerships between the public sector (donor and/or host country governments) and the private sector (banks, for-profit firms, impact funds). Some of these partnerships involve Official Development Assistance (ODA) grant disbursements

(with cost-share contributions) to the private sector, and other arrangements involve no transfer of ODA funds but revolve around public-private collaboration on certain aspects of the program to achieve common developmental outcomes.

There has been a major paradigm shift within the OECD foreign aid community, with private firms and foundations increasingly recognised as valuable sources of finance, expertise, innovation, and access to markets for economic development programs. International donors are employing a wide variety of models to partner with the private sector. While the structure, scope, and reach varies for each, the underlying objective is the same: to share the costs and rewards of bringing innovative, sustainable solutions to development challenges that also have commercial benefits.

While the donor community engages the private sector to increase the impact and sustainability of development interventions, not all PPPs inherently benefit the poor, nor do they necessarily integrate the poor into their business activities. Inclusive businesses, however, are business models that expand access to goods, services and livelihood opportunities for those at the base of the pyramid (BOP) in commercially viable and scalable ways. IBMs help the private sector turn underserved populations into dynamic consumers as well as sources of supply. For donors looking to reach and integrate traditionally excluded actors and underserved populations through private-sector led solutions, providing support for IBMs is becoming increasingly widespread.

Although the PPP and IBM approaches within Australian ODA are a relatively new concept, Australia has recently implemented a number of inclusive, market-oriented programs—for example, Making Markets Work for the Poor (M4P) and value chain development initiatives—that

incorporate private sector actors as key partners. Australia has also piloted an enterprise challenge fund (ECF) program in Asia and the Pacific, and contributed to multi-donor challenge funds and PPP initiatives globally. Although Australian aid data is not disaggregated down to the levels of funding going to PPP and IBM projects, Australian ODA institutions are making a concerted effort to mainstream and promote private sector engagement throughout their programming.

The concept of inclusive business seems to be well understood by the Australian development aid community, including DFAT and its partner NGOs, and accordingly, Australia has begun to implement several IBM programs in Asia and the Pacific. However, IBMs are not as well understood within the Australian business community, including most of those operating in developing countries. As will be discussed in section 4.1, this has been a contributing factor to some of the misunderstanding between ODA agencies and private sector businesses.

Study 2 identified the major global trends in PPPs and IBM. These are summarised in Appendix 2.

### ***What Is Inclusive Business?***

The IFC defines inclusive business as business models that expand access to good, services, and livelihood opportunities for those at the base of the pyramid in commercially viable scalable ways. Inclusive business models help companies turn underserved populations into dynamic consumers as well as diverse sources of supply.

### 3. The Aid Framework and Aid for Trade Agenda for agriculture and food security

The chapter presents an overview of the increasing prominence of Agriculture, A4T, PPP and IBMs in Australia's current aid agenda.. It also analyses the current investment.

#### 3.1 The Aid Framework

The World Summit on Food Security in 2009 refined the 'pillars' of food security—developed by the World Health Organisation (WHO) and the UN Food and Agriculture Organisation (FAO) of the United Nations—into the 'four pillars' that are currently recognised by the international community: access, availability, stability, and utilisation. 'Access' refers to the allocation and affordability of food, whereas 'availability' refers to the physical availability of supply. 'Stability' is concerned with availability over time, and 'utilisation' refers to the safety and efficiency in the use of available food.

The underlying rationale for Australia's focus on food security in its ODA efforts is that it 'underpins all other development'<sup>4</sup> and that, without the assurance of food security, longer-term development priorities can never be given the focus they deserve. Globally, Australia's vision for the global food security agenda has been to leverage its strong domestic agricultural research and development capacities and collaborate on global ODA efforts related to food security, as evidenced through Australia's participation in a long series of international commitments and initiatives:

- Australia committed to the 2009 G8 L'Aquila Global Food Security Initiative<sup>5</sup> and participated in efforts to further multilateralise the initiative.

<sup>4</sup> Ibid., p6.

<sup>5</sup> See: Minister for Foreign Affairs and Trade, 'Australia supports international effort on food security',

#### *Chapter Summary*

The Australian Government recently released its new development policy agenda, highlighting aid for trade, agriculture, and private sector development and engagement as priorities for aid investment in the indo-pacific region.

Adopting an A4T focus for development assistance efforts does not fundamentally alter Australia's overarching trade policy goals. Promoting a greater level of regional market integration presents opportunities for Australia's trade policy negotiations.

The Australian A4T and food security agendas are closely inter-connected, with clear linkages between their respective pillars. The Australian A4T agenda includes liberalisation in trade in food products, streamlined and reformed customs regulations, and reducing 'behind the border' barriers to trade: all of these measures work to improve the availability of food in developing countries and globally. Australia's food and agricultural sector comprises a relatively small proportion of Australian economic activity—about 5% of GDP in 2012. However, this relatively small contribution masks the strong exports, resilience, reputation and potential within the sector. For example, in 2012, agricultural products constituted 11.2% of total Australian exports, and the sector was responsible for 15% of total employment.

- Australia encouraged the inclusion of food security as one of the nine central pillars in the agenda of the G20's Development Working Group, as evidenced in the Seoul Development Consensus<sup>6</sup>.
- Moving beyond the Seoul Consensus, Australia committed to the G20 Action Plan on Food Price Volatility and Agriculture in June 2011<sup>7</sup>, leading to the creation of the Agricultural Market Information System<sup>8</sup>.
- In 2011, the Commonwealth Heads of Government Meeting in Perth, Australia, in the Perth Declaration<sup>9</sup>, focused on fostering greater coordination and improving research and development efforts, and made a renewed commitment to the liberalisation of international trade in food.
- Australia contributed to the G20 launch of AgResults in June 2012<sup>10</sup> and continues to one of the five donor agencies on the steering committee.

In the last 12 months the Australian Government released its new development policy agenda, highlighting aid for trade, agriculture and private sector development and engagement as a priorities for its aid investments in the indo-pacific region. In response to this renewed focus on agriculture and the private sector. DFAT is currently working on three new strategies to support program implementation. By the end 2014, DFAT will release its, Agriculture, Water and Fisheries Strategy, a Private Sector Engagement Strategy and a Private Sector Development Strategy to support new and ongoing investment decisions at country and regional level.

## 3.2 Aid for Trade (A4T)

Since the inception of the WTO-led Aid for Trade Initiative at the Hong Kong Ministerial Conference in December 2005, Australia's aid program has strongly supported A4T. Australian aid flows that can be categorised as A4T (under OECD definitions) have increased from over US\$238 million in the first year of the initiative (2006) to over US\$585 million in 2011—an increase of 245%. In 2011, A4T constituted 16.9% of all Australian aid flows. Additionally, the Minister for Foreign Affairs recently announced that the Australian aid program will endeavour to increase annual A4T expenditure to 20% by 2020<sup>11</sup>.

Of this A4T assistance, the flows destined for agriculture and fisheries projects increased from US\$108 million in 2006 to US\$250 million in 2011. This 232% increase is approximately in line with

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<<http://foreignminister.gov.au/releases/2009/fa-s090926.html>>; also: G8 Meeting, <[http://www.g8italia2009.it/static/G8\\_Allegato/LAquila\\_Joint\\_Statement\\_on\\_Global\\_Food\\_Security%5B1%5D,0.pdf](http://www.g8italia2009.it/static/G8_Allegato/LAquila_Joint_Statement_on_Global_Food_Security%5B1%5D,0.pdf)>.

<sup>6</sup> *Seoul Development Consensus for Shared Growth*, November 2010, available at:

<<http://www.g20.utoronto.ca/2010/g20seoul-consensus.html>>.

<sup>7</sup> *Action Plan on Food Price Volatility and Agriculture*, Meeting of G20 Agriculture Ministers, Paris, June 2011.

<sup>8</sup> More information available at: <<http://www.amis-outlook.org/>>.

<sup>9</sup> Perth Declaration, Commonwealth Heads of Government Meeting, Perth, 28-30 October 2011, <[http://aci.gov.au/files/node/14087/perth\\_declaration\\_on\\_food\\_security\\_principles\\_of\\_15928.pdf](http://aci.gov.au/files/node/14087/perth_declaration_on_food_security_principles_of_15928.pdf)>.

<sup>10</sup> More information available at:

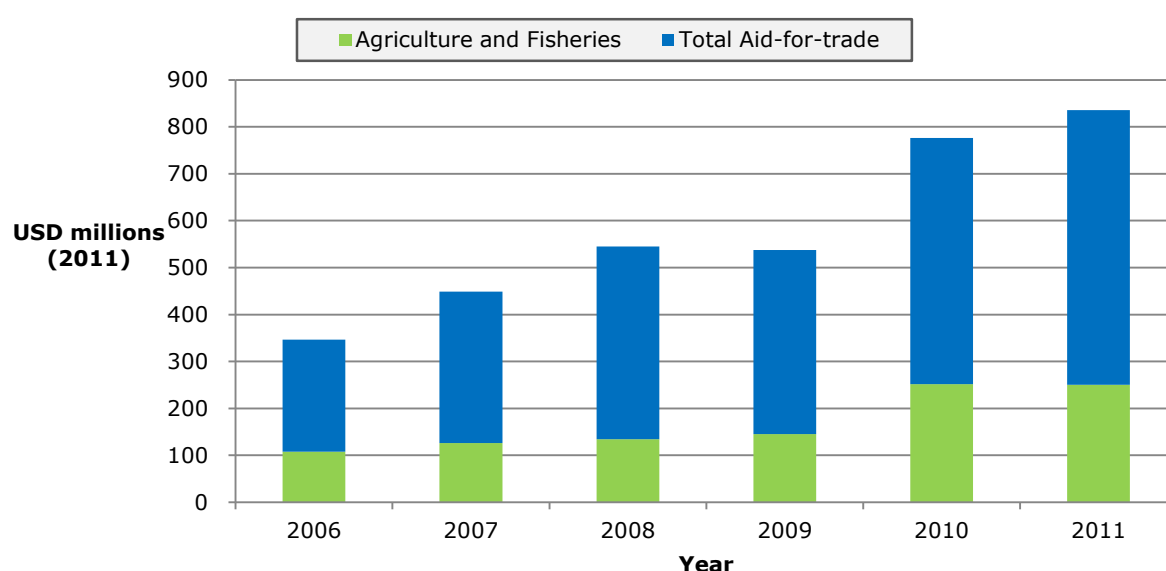
<<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/CFPEXT/0,,contentMDK:23005969~pagePK:64060249~piPK:64060294~theSitePK:299948,00.html>>.

<sup>11</sup> Australian aid: promoting prosperity, reducing poverty, enhancing stability, DFAT, June 2014, p7.

overall increases in A4T flows<sup>12</sup>. The upward trend of Australian A4T flows has since continued, with DFAT reporting total A4T expenditure in financial year 2012–2013 at A\$692 million<sup>13</sup> (see Figure 2).

The primary aim of Australian ‘economic diplomacy’ and A4T is to create economic prosperity by leveraging private sector involvement. Within the Australian context, A4T is not just about economic growth or increasing two-way trade between Australia and its ODA recipients, but is a broader mechanism for supporting a range of foreign policy and international trade and investment goals.

As a part of the **Australian Government’s new development agenda, A4T is featured prominently as key mechanism to improve trade facilitation and the international competitiveness (a priority area) of Australia’s developing country partners**. More specifically, Australia will focus on removing country-level constraints to trade participation, including governance issues, infrastructure improvements, and empowering women<sup>14</sup>. A strong focus on the A4T agenda revolves around private sector engagement and PPPs to achieve greater trade-related investment in infrastructure, to build the capacity of the private sector to engage in regional and international trade, and to partner with the private sector to implement and deliver A4T results. The Australian Government’s strong focus on A4T is not only a technical priority, but a fiscal one as well: by 2020, Australia seeks to increase its A4T investments to account for 20 percent of the aid budget<sup>15</sup>.



Source: OECD Statistics Database<sup>16</sup>

Figure 2: Australian Aid for Trade Flows

### 3.2.1 Agri-Food Trade Patterns

As a part of a service-based economy, Australia’s food and agricultural sector (including food processing) comprises a small proportion of Australian economic activity—about 5% of GDP in

<sup>12</sup> All figures in 2011 constant USD prices; OECD Statistics Database.

<sup>13</sup> See: Department of Foreign Affairs, <<http://www.dfat.gov.au/trade/aid-for-trade>>.

<sup>14</sup> Commonwealth of Australia, Department of Foreign Affairs and Trade. Australian aid: promoting prosperity, reducing poverty, enhancing stability. June 2014.

<sup>15</sup> Commonwealth of Australia, Department of Foreign Affairs and Trade. Australian aid: promoting prosperity, reducing poverty, enhancing stability. June 2014.

<sup>16</sup> In particular: OECD, CRS Profile (Australia), <[http://www.oecd.org/aidfortrade/Australia\\_CRSPProfile2013.pdf](http://www.oecd.org/aidfortrade/Australia_CRSPProfile2013.pdf)>

2012<sup>17</sup>. However, this relatively small contribution masks the strong exports, resilience, reputation, and potential within the sector. For example, in 2012, agricultural products constituted 11.2% of total Australian exports, which contributed A\$34.8 billion to the Australian economy, and, as of financial year 2010–2011, some 1.68 million people worked in the agri-food industry, comprising 15% of total employment<sup>18</sup>. Australian imports of food, on the other hand, were worth A\$10.6 million in the financial year 2010–2011<sup>19</sup>. In the previous year, Australia enjoyed the 8<sup>th</sup> largest food trade surplus in the world<sup>20</sup> and was the world's 16<sup>th</sup> largest exporter of food products by value<sup>21</sup>.

The data analysed demonstrates that most sub-sectors show strong export surpluses, with net imports stronger within processed foods, oil and fat, flour mill products, and bakery products<sup>22</sup>. As of 2012, Australia's strongest agricultural exports have been in meat, wheat, cotton, wool, and wine (in that order). (See Table 1.)

Table 1. Breakdown of Australian Agricultural Exports by Product

Product	A\$Billion	Share of Rural Exports	Share of Total Exports
Wheat	6.531	18.77%	2.17%
Beef	4.754	13.66%	1.58%
Cotton	2.626	7.55%	0.87%
Wool (and other animal hair)	2.524	7.25%	0.84%
Meat (excl. beef)	2.37	6.81%	0.79%
Wine	1.891	5.43%	0.63%
Oil seeds & soft oleaginous fruits	1.78	5.11%	0.59%
Barley	1.317	3.78%	0.44%
Animal feed	1.301	3.74%	0.43%
Vegetables	1.249	3.59%	0.42%
Milk, cream, whey & yoghurt	1.234	3.55%	0.41%
Raw sugar	1.2	3.45%	0.40%
Live animals (excl. seafood)	1.05	3.02%	0.35%
Raw hides & skins (excl. fur skins)	0.819	2.35%	0.27%
Edible products & preparations	0.81	2.33%	0.27%
Cheese & curd	0.74	2.13%	0.25%
Fruit & nuts	0.67	1.93%	0.22%
Cereal preparations	0.664	1.91%	0.22%
Crustaceans	0.632	1.82%	0.21%
Rice	0.343	0.99%	0.11%
Other	0.295	0.85%	0.10%

Source: Based on Australian Bureau for Statistics trade data in DFAT STARS database (2012 figures)

As of 2010–2011, Australia's largest agricultural export destinations in the developing world were, in order of importance, Indonesia (8.5%), China (5%), Malaysia (3.5%), Philippines (2%), Thailand (2%), and Egypt (1.5%)<sup>23</sup>. As a result of rapidly increasing incomes, Indonesia is Australia's fastest growing agricultural export market, up from 3.7% in 2000–2001. Similarly, all ASEAN countries have seen strong growth as destinations for Australian exports in recent years, with A\$5.7 billion of food

<sup>17</sup> This 2.3% figure includes forestry and fisheries; see: *Trade at a Glance 2013*, DFAT, 2013.

<sup>18</sup> Foreword, *Australian Food Statistics 2010–11*, Department of Agriculture, Fisheries and Forestry, 2012.

<sup>19</sup> Ibid., p1.

<sup>20</sup> Ibid., p23.

<sup>21</sup> Ibid., p22.

<sup>22</sup> Ibid., p13–14.

<sup>23</sup> Ibid.



exports - approximately 21% of total food exports - going to Association of Southeast Asian Nations (ASEAN) member countries in 2010–2011<sup>24</sup>.

Although Australia is a net exporter of food, '[g]lobal supply networks are increasingly important in the Australian food sector, and many types of foods and inputs to food are imported.'<sup>25</sup>

Furthermore, supply chains are longer, especially for fresh produce imported out of season<sup>26</sup>.

Robust, two-way agricultural trade opportunities exist with Australian aid recipient countries. As a result, there are significant opportunities to further connect Australian agribusiness companies to value chains in these regions of the world. As of 2011, Australia's largest agricultural imports from the developing world have been, in order of importance, from China (7%), Thailand (7%), Malaysia (4.5%), Vietnam (3%), Indonesia (2%), India (2%), Brazil (1.5%) and Papua New Guinea (0.5%)<sup>27</sup>. Both China's and ASEAN's share of Australian food imports has increased dramatically in recent years. In the Asia-Pacific and East Africa regions, the main recipients of Australian aid that have seen the greatest and most consistent growth in agricultural exports between 2000 and 2012: they are the Solomon Islands (110.9%/yr)<sup>28</sup>, Cambodia (58.9%/yr), Vietnam (48.7%/yr); Ethiopia (47.9%/yr), Indonesia (44.6%/yr), Papua New Guinea (39%/yr), Uganda (32.6%/yr), and Pakistan (31%/yr)<sup>29</sup>.

### 3.2.2 Connections between the Food Security and A4T Agendas

Australia's ODA efforts in agricultural development and trade have historically been implemented as a subset of its food security agenda. The Australian aid program has long recognised the interrelated nature of food security and A4T.

The agendas of A4T and food security are closely interconnected, with clear linkages between their respective pillars (see Figure 1). The availability and access pillars of the food security agenda are especially impacted by trade-related improvements. Liberalisation of trade in food, streamlined and reformed customs regulations, and reduced 'behind the border' barriers to trade all improve the **availability of food**. For example, reducing tariffs on the importation of agricultural inputs also encourages improvements in the productive capacity in agriculture, and many of the measures that help to create export readiness also help to promote productive capacity—two approaches to A4T that also serve to **improve food availability and access**. Greater integration with international food and agricultural input markets helps to ensure **food stability** by smoothing out the volatility from local supply shocks, such as those caused by natural disasters. The facilitation of improved integration in international markets also increases incomes, thus reducing long-term food insecurity.

Creating or improving transport infrastructure—seaports, airports, roads and rail—reduces transportation costs and times, with significant benefits to the distribution and affordability of food. Other economic infrastructure, most notably electrical and water supply, improves the **utilisation of food** by increasing sanitisation through washing and cooking, preservation, and also augmenting the energy efficiency in the consumption of food.

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<sup>24</sup> Ibid., p16–17.

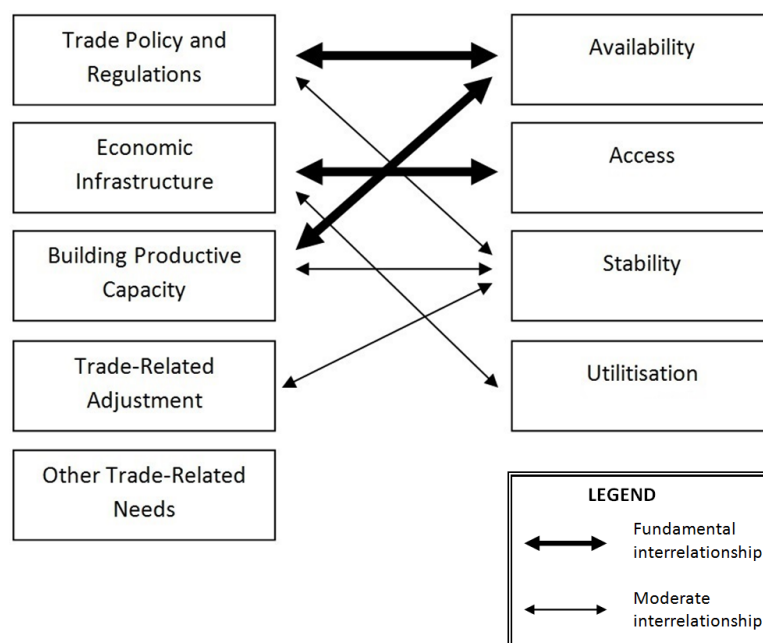
<sup>25</sup> Ibid., p43.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid., p19.

<sup>28</sup> However, note that the Solomon Islands starts from a low base due to the civil war and unrest between 1998 and 2003.

<sup>29</sup> Calculated using averages from WTO data; however, note that Papua New Guinea has no relevant WTO trade data available from 2005 onwards



Source: Michael Cornish

**Figure 1: Linkages between A4T and Food Security Pillars**

Australia can leverage the synergies between A4T and food security, ensuring that their programming for each is complementary and mutually reinforcing. Furthermore, understanding how the benefits from working within one set of pillars—whether it be A4T or food security—can leverage benefits from the other is an opportune way to ensure a multiplier effect in A4T or food security development assistance. For example, donors can work within the productive capacity A4T pillar and the ‘utilization’ food security pillar to support the private sector in adopting scientifically superior and nutritional crops. Additionally, value chain strengthening programs can incorporate subsistence farmers and provide them with greater access to markets, which impacts availability and access to food while working within A4T’s productive capacity pillar.

### 3.2.3 Australia’s Trade Policy Negotiations

Despite the recent efforts of the Bali Ministerial Declaration in December 2013 to liberalise global trade, gridlock over the WTO’s Doha Development Round has resulted in a proliferation of bilateral preferential trade agreements, or free trade agreements. In the Asia-Pacific, this has created the ‘noodle-bowl effect’<sup>30</sup>—overlapping, bilateral agreements that result in trade diversion rather than trade creation. The realisation of the inefficiency of bilateral preferential trade, however, has led to an increasingly multi-country approach with large regional agreements currently being negotiated in the Asia-Pacific, including the Trans-Pacific Partnership (TPP), the Regional Comprehensive Economic Partnership (RCEP), the Pacific Agreement on Closer Economic Relations-Plus (PACER-Plus), a variety of ASEAN +1 agreements and the nascent China-Japan-South Korea Free Trade Area. Australia is involved in negotiations over the first three proposed agreements and has already secured a preferential trade agreement with ASEAN.

Adopting an A4T focus for development assistance efforts does not fundamentally alter Australia’s overarching trade policy goals and can be useful in reinforcing Australia’s well-established

<sup>30</sup> A regional play on Jagdish Bhagwati’s famous expression, the ‘spaghetti bowl effect’; see: Jagdish Bhagwati, *U.S. Trade Policy: The Infatuation with Free Trade Agreements*, 1995.



commitment to the liberalisation of trade in agriculture, as evidenced in its leadership of the Cairns Group, the preeminent anti-protectionist, agricultural exporting bloc, formed under Australian leadership in Cairns.

An established A4T development assistance program that promotes **a greater level of regional market integration presents opportunities for Australia's trade policy negotiations**. Greater horizontal and vertical market integration increases the various parties' willingness to conclude trade agreements in order to benefit existing commercial relationships and provide new market opportunities. Australian ODA can also demonstrate the economic benefits of A4T to local business leaders, which can be used to help overcome political resistance from those with established and vested interests. In short, successful A4T ODA can help build the momentum for reform and liberalisation in trade policy, especially in smaller countries where an A4T development assistance program has a proportionally greater impact on the local economy.

A4T development assistance can also **build the capacity of developing country partners to engage in trade negotiations**. Governments that have a better understanding of international trading rules and the complex policy issues will be more able to more effectively identify and pursue their national interests. Targeted assistance to negotiating parties—made in good faith—can improve long-term outcomes for Australia in both bilateral and multilateral negotiations; assistance that helps achieve mutually beneficial, long-term gains is more advantageous than unequal, short-term gains. Additionally, developing in-depth local understanding of international trade also improves efforts to achieve long-term liberalisation in global trade.

A4T development assistance can also be instrumental in the field of **standards and regulations**—it can help build local understanding of existing international standards and the importance of compliance with safety regulations and quarantine issues. This is an especially salient issue for agriculture because of concerns over food safety. Understanding and complying with regional and international standards can considerably improve exporters' access to new markets and increased trade.

The PACER-Plus negotiations warrant special attention, as **most Pacific Island countries involved in the discussions have limited international trade expertise and must rely on external assistance** to participate fully in negotiations. Due to the imbalance in Australia and New Zealand's expertise and economic power compared to their Pacific Island counterparts, Australia can support the independent Office of the Chief Trade Adviser (OCTA) as a vehicle for impartial assistance. As DFAT notes, 'Australia's approach to the PACER Plus negotiations is different to that taken in traditional free trade agreement negotiations. Australia's primary objective is to promote the economic development of Forum Island Countries through greater regional trade and economic integration'<sup>31</sup>. The role for A4T as a parallel, but linked, initiative with PACER-Plus can ensure that new initiatives are making the appropriate institutional connections with the OCTA and Pacific Islands Forum Secretariat. Moreover, **A4T initiatives should not prioritise the signing of 'quick agreements'** over the sustainable and long-term benefits that a comprehensive PACER-Plus can offer. Australia can direct its assistance to facilitate a smoother economic adjustment to the agreement and to help Pacific Island countries take full advantage and benefit from more market access.

Although Australia is not directly involved in the Economic Partnerships Agreement negotiations between Pacific Island countries and the European Union, providing assistance to Pacific Island trade

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<sup>31</sup> See: 'Pacific Agreement on Closer Economic Relations', DFAT, <<http://www.dfat.gov.au/fta/pacer>>.

ministries on these negotiations—whether through the OCTA or through another modality—is an opportunity that should be considered as a part of A4T efforts in the region.

### 3.2.4 Other A4T programs in the pacific region

On a smaller scale, Australian aid has provided funding for a number of A4T activities related to **PACER-Plus**<sup>32</sup>, including support for the Office of Chief Trade Advisor (OCTA) which provides independent trade policy advice and training to Pacific Island trade officials and negotiators and support for Pacific Island countries to conduct PACER-Plus-related research. Although the PACER-Plus agreement is still in effect, the project has already noticeably improved connectivity between the 14 Pacific Island countries and has improved the way in which their governments communicate with the private sector.

Australia also funds the **Pacific Island Trade and Investment Commission (PITIC)**, a trade and investment facility responsible for developing and promoting industry and business across all 14 Pacific Island countries<sup>33</sup>. PITIC is primarily involved in promoting investment and developing the export readiness of exporters in the region who generally lack the capacity or relevant information to enter into contracts with overseas companies or suppliers. PITIC is also playing a role in connecting entrepreneurs to sources of venture capital, although the weak business environment in the Pacific adds an additional challenge to attracting investment. PITIC has had numerous successful projects in agriculture in the Pacific, however, PITIC's experience suggests that it is increasingly difficult for the region to add value and be competitive. In working with donors, PITIC has been of the view that the role for development assistance is as a facilitator, a closer of information gaps, and an aggregator (distinctly lacking in the Pacific). It also has appreciated programs such as the ECF, which in the Pacific would be better designed with a suite of complementary interventions. As a result of this experience, Australia can look at PPP and IBM programs that provide both financial access and market facilitation assistance.

Business councils and industry organisations have to date played a minor facilitative role in this space, playing a more important role in assisting the contacts between the Australian private sector and Pacific island governments rather than with the Australian aid sector; their role was perceived in interviews as a useful part of the network of business contacts, but that the limited nature of business opportunities in the Pacific meant that most of their efforts were around aiding their members with existing concerns rather than dealing with new Pacific-oriented entrepreneurs. Major companies with interests in the Pacific were found to deal directly with both Australian and Pacific island governments rather than via business councils and industry organisations, although the advocacy efforts of these organisations with the Australian government were a generally appreciated part of their perceived role.

See Appendix 3 and 5 for a more extensive list of Australian PPP, IBM and A4T projects.

## 3.3 Carana's appraisal of Australia's A4T Approach

Based on CARANA's extensive implementation experience and the research undertaken for this study, this section describes some strategic implications for Australia's A4T approach within its development program.

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<sup>32</sup> The Pacific Agreement on Closer Economic Relations-Plus; see section 4.2 for more detail on PACER-Plus.

<sup>33</sup> See: Pacific Islands Trade & Invest, <http://www.pacifictradeinvest.com>.

**Support for productive sectors, particularly for agriculture, is critical.** According to the OECD, approximately 45% of A4T resources are currently invested in helping developing countries and their private sectors produce goods that can be sold in global markets. Of all the productive sectors receiving this support, agriculture captures the highest volume of A4T flows, estimated at 15%. In agriculture particularly, this productive sector capacity building work is critical, especially in light of the high proportion of agriculture in developing country economies. In the Asia and Pacific regions specifically, where Australia concentrates its ODA investments, agriculture is the critical sector where the poor participate. Australia's historical commitment to agricultural development under an A4T lens will continue to be a priority for Australian ODA, as described in the new aid framework.

**Continued support for the agricultural sector under an A4T lens requires improvements in productive capacity and access to markets.** A4T interventions seek to accelerate the integration of developing countries into regional markets and, ultimately, the global economy. Consequently, international dynamics, including prices, markets and standards, are a consideration for A4T programming. A4T projects should seek to increase productivity while also improving market performance and access. There are tools that donors, including Australian ODA agencies, have been using to improve the market performance of agricultural value chains in developing countries. These have been discussed in Study 2, and the study team suggests that these be considered for future development interventions.

**A4T investments should respond to manifest and latent productive sector needs.** Study 1 specifies that the A4T pillars (economic infrastructure, trade policy and negotiations, and trade-related adjustment) all achieve best results when they are tied to the needs of the productive sector in beneficiary countries. For example, around 45% of A4T investment goes to transportation and logistics, which has the potential to directly benefit existing or potential producers by cutting the time and cost of moving goods across regions and borders.

**Because the Australian aid budget is likely to remain relatively flat over the next five years<sup>34</sup>, leveraging private sector resources will be critical to maximise the efficiency of aid dollars.** For instance, hard infrastructure investments are generally large and expensive, and in Asia and the Pacific, the ADB and World Bank are already actively supporting such projects. However, to meet any infrastructure commitments under its A4T agenda, Australia can provide support for soft infrastructure—logistics systems, customs and regulations, training of border agents—that will facilitate improved trade in goods and services.

**Policy enabling environment initiatives need to prioritise issues where there is a real private sector need.** It is often assumed that A4T projects mostly focus on improving trade rules and supporting countries with trade negotiations; however, these activities constitute less than 10% of the value of A4T investments. The study team found that countries may have strong adherence to WTO requirements, but nothing to trade. Good policies are an important, but not sufficient consideration. Assistance efforts in smaller economies should be concentrated on specific policy reforms, trade issues, and negotiation efforts that are likely to directly yield economic impact. For example, the experience of the UK and U.S. in trade capacity building with small island economies in the Caribbean has been costly and slow; the most successful efforts have been those that bring about the biggest impact.

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<sup>34</sup> Bridie Jabour, 'Budget changes translate to \$7bn cut in foreign aid over five years', The Guardian, May 14, 2014.



## 4. Lessons and experiences from Australian market driven approaches for agriculture (PPPs and IBMs)

This chapter summarises Australia's experiences in developing and implementing market driven approaches for the agriculture sector using PPPs and IBMs with the aim of catalysing pro-poor markets.

### 4.1 Australian Government Flagship Programs

An exhaustive review of Australia's ODA programs is outside the scope of this paper, given that DFAT, ACIAR, CSIRO and other institutions are implementing private sector oriented programs. Instead the team consulted with Department of Foreign Affairs and Trade (DFAT) experts and other Australian ODA officials to review the experiences of a select number of programs most relevant to the technical areas of this study. The table below presents the projects that were reviewed along with the key programmatic lessons learned. A full review of each of the projects can be found in **Appendix 3**.

The programmatic analysis in Table 2 uncovered a number of salient findings that are worth highlighting.

First, some of Australia's aid programs show that **impacts on the poor have been more**

**transformational as a result of partnerships with IBMs, rather than through partnerships with the poor directly.** This was evident in the CAVAC program case, as research found that partnerships with fertiliser dealers and distributors had the ability to reach over 50% of smallholder farmers in Cambodia. Additionally, an analysis of Australia's ECF found that the grants themselves had limited direct impact on poverty alleviation and employment (263 poor people were employed by grant recipients over the 3 years of the project), but that 4,300 benefited by supplying goods and services through relationships with IBMs, adding value to their products, and buying food from the IBMs directly.

#### Chapter Summary

PPPs and IBMs are useful tools that can provide significant leverage and help Australia to better reach the hundreds of millions of smallholder farmers and poor agricultural stakeholders in Asia and the Pacific. If Australia's approximately A\$200 million in agricultural development assistance could be used to leverage similar or even larger capital flows from the private sector, it would exponentially expand the effectiveness and sustainability of Australian ODA, and would also leverage the private sector's ability to innovate, provide access to markets, and quickly bring solutions to scale.

Although PPP and IBM approaches within Australian ODA are a relatively new concept, Australia has recently implemented a number of markets for the poor (M4P) and value chain development initiatives that incorporate private sector actors as key partners. Australia has also begun to implement several PPP and IBM programs in Asia and the Pacific. However, PPPs and IBMs are not yet very well understood within the Australian business community, including most of those operating in developing countries.

Another major lesson—as a result of the ECF program and international donor experience—was that **a blended approach to PPPs (combining technical assistance with financial solutions) is critical when targeting poorer countries with more limited service markets and less sophisticated value chains**. A blended approach would have better served the SMEs in the Pacific that were targeted under the ECF initiative but lacked the capacity to effectively utilise their financial resources. CARANA has been able to implement successful challenge fund grants throughout East Africa, in countries with a limited number of private sector actors, and with weak and fragmented agricultural value chains. The programs have been successful as a result of taking a blended approach: for example, programs incorporated training and technical assistance for farmer groups that sold their commodities to the grant recipients (while ensuring that lead firm buyers directly participated in the training process) and provided technical assistance directly to the for-profit grant partners in business planning, access to finance, and management. This demonstrates that lead firms and poorer farmers can be incentivised through PPP grant programs to be jointly integrated into tighter value chain relationships. Study 2 supports this lesson learnt – it found that donor programs that take into account the range of challenges and develop a suite of interventions to address them are more successful in meeting their development objectives.

Third, **facilitation for projects that require significant interaction and collaboration between the public and private sectors is critical**, as demonstrated by PHAMA and the PITIC. Australia, through DFAT, can close information gaps between private sector and government stakeholders, as there is currently a lack of ‘aggregators and facilitators’ to bring together the required information and potential partners. This is supported by international experience, as many donors rely on international facilitators for overall PPP packaging and implementation (international contractors and non-profits), yet once projects are launched and under implementation, there is often a critical role for local facilitators.

Finally, Australia’s experience demonstrates that market-oriented projects, **such as ones taking an M4P or value chain approach, can promote PPPs and IBMs as part of their assistance model**. Most of Australia’s pilot PPP initiatives were implemented as a part of an M4P initiative; more can be done, however, to integrate PPPs and IBMs into M4P programming. These two concepts are compatible with one another, as M4P seeks to strengthen markets to impact the poor and develop inclusive market systems. Partnerships with the private sector, and particularly IBMs, are an effective way to incentivise behaviour changes in these market systems. This follows international experience as USAID, DFID, and other donors, have made a conscious shift in their economic programming toward “inclusive” systems (markets, value chains, etc.). The term “inclusive” as applied toward market systems and value chains indicates that choices and opportunities, as well as benefits, are extended to microenterprises, smallholders, and low-income individuals that participate and operate within these systems.

Table 2. Analysis of DFATs Flagship Agriculture PPP and IBM programs

Project Reviewed	Key Lessons Learned
<b>The Market Development Facility (MDF)</b>	<p>Although only recently launched in Timor-Leste and Pakistan, there are some <b>preliminary findings</b>, including:</p> <ul style="list-style-type: none"> <li>• MDF has 15 partnerships across Fiji and Timor-Leste which have resulted in 18 new innovations in 4 sectors, with most being <b>first of their kind</b> investments for these countries, such as the introduction of new agricultural inputs, new tourism products, private sector funded agricultural extension services, and local value-addition through processing and marketing<sup>35</sup>.</li> <li>• The project has been successful in leveraging additional private sector resources—with roughly US\$860,000, the 18 partnerships have leveraged more than US\$1.5 million.</li> <li>• Employment generation as a result of project activities has been low (only 17 jobs were created in 2013), however, the project is more geared toward increasing the incomes of current members of the value chain and findings ways to improve market integration</li> </ul>
<b>The Australia-Indonesia Partnership for Rural Economic Development (AIPD-Rural)</b>	<p>Although the AIPD-Rural program is still early in its program lifecycle, some key lessons can be gleaned from its parent program, the Australia-Indonesia Partnership for Decentralisation:</p> <ul style="list-style-type: none"> <li>• Program timeframes need to be lengthy for interventions to reach a ‘critical mass’<sup>36</sup> and to align with local financial management cycles and budgetary planning.</li> <li>• There is often initial district and provincial government resistance to adopting a PPP model, however, this resistance can be addressed by ensuring that public partners have been consulted and kept abreast of the work of private sector partners.</li> </ul>
<b>The Australia-Indonesia Partnership for Promoting Rural Income through Support for Markets in Agriculture (AIP-PRISMA)</b>	<p>The project is a subset of the AIPD-Rural program and is very early in its implementation and there are few lessons learnt to date.</p>
<b>The Cambodian Agricultural Value Chain Program (CAVAC)</b>	<ul style="list-style-type: none"> <li>• The 2012 midterm review of the program concluded that CAVAC was demonstrating promising results as it was ‘likely to exceed its objectives and will represent very good value for money for AusAID, with a projected benefit-to-cost ratio of seven to one’. The project is expected to generate an additional A\$40 million in net income as a result of project interventions, to benefit over 230,000 smallholders.</li> <li>• CAVAC is using an <b>IBM approach</b> to facilitate value chain development and to overcome market failures in agriculture. For example, it is estimated that CAVAC’s work with fertiliser companies will ultimately—if indirectly—support approximately half of all farmers in Cambodia, and on an activity budget of less than A\$500,000. This is an innovative example that illustrates how</li> </ul>

Ibid., p16.

## Project Reviewed

## Key Lessons Learned

	private solutions can be market-driven, cost-effective and often more sustainable than some public-sector led implementation alternatives.
<b>The Enterprise Challenge Fund (ECF)</b>	<p>The ECF Project Completion Report identified a number of <i>findings for future challenge funds</i>, including the following:</p> <ul style="list-style-type: none"><li>• More well-developed countries—mostly those in Asia—had private sectors that were more capable of utilising their funds appropriately, whereas less-developed countries—mostly those in the Pacific—struggled to utilise the funds effectively.</li><li>• The ECF model ‘only address[ed] the access to finance impediment to a more vibrant, productive and beneficial private sector... but not the other factors such as the need for business support’, highlighting the importance of designing projects to simultaneously address multiple obstacles facing the private sector beyond only financial constraints.</li><li>• There was no strategic framework guiding the ECF and no clear understanding of what ‘challenge’ the ECF was seeking to address.</li><li>• The ECF estimated that it would take until 2015 for the full value of the program to reach the poor in the form of increased incomes and reduced costs—2 years beyond project completion.</li></ul> <p>The ECF provided the following <i>lessons learnt</i> for PPPs and IBMs:</p> <ul style="list-style-type: none"><li>• Given the challenges of implementing the ECF successfully in the less developed countries of the Pacific, future funds in that region should be accompanied by greater technical assistance to ensure that resources are used effectively.</li><li>• While ECF had minimal impact on employment, the program was successful in integrating the poor into stronger value chains and providing them with access to markets.</li></ul> <p>Evidence from the ECF underscores the importance of designing more specific challenge funds (by sector or to solve a particular challenge) which can better respond to donor priorities and are easier to manage.</p>
<b>The Pacific Horticultural and Agricultural Market Access (PHAMA)</b>	Technical <i>lessons learnt</i> from PHAMA suggest: (1) the importance of taking a proactive approach in managing the nature of the interaction between private and public sectors as programs inevitably lead to some ‘exposure of government officials to uncomfortable “pressure” from the private sector’; and (2) active facilitation is required to ensure public-private interactions are productive and effective.
<b>Pacific Agribusiness Research for Development Initiative (PARDI)</b>	There are no programmatic or technical lessons to date.

The Australian aid program has also engaged in a limited number of direct partnerships with commercial firms in sectors beyond agriculture and mining to help integrate the very poor into global markets. For example, DFAT and Carnival Cruises signed a memorandum of understanding in September 2013 to expand tourism activities that benefit poor communities in Vanuatu and Papua



New Guinea by assisting them to provide goods and services to the cruise ship passengers, and potentially serve as direct employees of the cruise ship company in the future<sup>37</sup>. The Australian aid program also involved the ECF (described in detail in Appendix 3) to facilitate this relationship, improving infrastructure to encourage cruise ship visits and shore amenities for passengers. Australia has also been involved in supporting these types partnership indirectly, through funding commitments to the ADB and IFC, such as the ADB's Pacific Private Sector Development Initiative and the IFC's Private Enterprise Partnerships Program and the Pacific Microfinance Initiative<sup>38</sup>.

## 4.2 Australian NGOs

Australian NGOs are also actively engaging with the private sector – in developing countries, Australia and at the multinational level - through their development programming. For example, CARE Australia works extensively in rural development and agricultural development, and takes a facilitative role in supporting private sector partners to include the poor in their supply chains and business activities. This is especially important in the Pacific, where business is generally more resource intensive and considered high risk.

**CARE Australia** has also supported corporate partners to improve the sustainability of their supply chains by ensuring that farmers and their communities improve farm-level returns for cash-crop production. Perhaps the best example of this type of activity is its work in Papua New Guinea, where it implements a coffee industry support program that works closely with the private sector to include and empower women farmers in their coffee export value chains. Their approach to engagement has differed according to the needs of the smallholders and companies with which they work, but has included product certification, improving agricultural productivity, and helping farmers to meet product quality requirements.

**World Vision** has a history of partnering with the private sector – both in Australia and in the field and at the international, national and grassroots levels – in working to alleviate poverty and to contribute to sustainable economic development. Through their field programs, World Vision works with thousands of small businesses, such as smallholder farmers and micro-entrepreneurs to increase their productivity and improve their access to finance and markets with the ultimate goal of improving incomes and livelihoods for the poorest<sup>39</sup>.

With a particular focus on improving the lives of children, World Vision also partners with Australian businesses – to date, World Vision partners financially with over 630 Australian businesses. Businesses contribute to World Vision projects through direct financial support, including workplace giving programs, and by giving their customers an opportunity to support World Vision's work. While companies primarily enter partnerships with World Vision Australia to contribute to poverty reduction, these companies also report positive results, such as enhanced customer experience, brand appreciation and staff dedication.

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<sup>37</sup> See: 'AusAID signs innovative MOU with Carnival Australia', DFAT, September 2013, <http://aid.dfat.gov.au/focusonline/Pages/ausaid-signs-innovative-mou-with-carnival-australia.aspx>; also: Timothy Pope, 'Vanuatu signs development deal with cruise line', ABC News, 10 July 2013, <http://www.abc.net.au/news/2013-07-10/an-vanuatu-signs-training-agreement-with-cruise-line/4811622>.

<sup>38</sup> 'AusAID and Private Sector Development in the Pacific,' AusAID.

<http://aid.dfat.gov.au/countries/pacific/rp/Documents/private-sector-development-pacific.pdf>

<sup>39</sup> World Vision Australia, Submission to Joint Standing Committee on Foreign Affairs, Defense and Trade. Inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region. May 2014.

World Vision also builds on its local relationships to distribute private sector resources in the communities in which it works. For example, World Vision Australia distributes fabrics it receives from several Australian businesses to vocational schools it is already in partnership with in developing countries. Several Australian businesses are currently working with World Vision to explore opportunities to collaborate on pro-poor services and inclusive business models in the Asia Pacific region.

**Oxfam** has over thirty years' experience of engaging with the private sector to meet poverty reduction goals and to promote human rights. Additionally, Oxfam Australia operates a social enterprise subsidiary – Oxfam Australia Trading – that aims to securing access to markets for small-scale businesses by supporting fair trade and building the commercial and managerial skills of these business owners and employees. Oxfam Australia Trading partners with more than 100 Fair Trade producers, ranging from large commodity-based cooperatives to small handicraft producers, in 40 countries (including Cambodia, China, Indonesia, Philippines, PNG, Thailand, Timor Leste, Vietnam, Bangladesh, India, Nepal, Sri Lanka and Fiji). Oxfam Australia Trading helps build their capacity to develop products appropriate for export which increases incomes and community development<sup>40</sup>.

At the local level, Oxfam undertakes community-level work in agricultural research to allow for diversification of crops, with the aim of providing greater economic security against natural disasters. Oxfam also engages with large enterprises and multinational corporations in the mining, agriculture, clothing, and infrastructure sectors to ensure that their practices, policies and standards respect the rights of local communities and contribute to poverty reduction.

A major element of Oxfam's inclusive business engagement is to source and promote Fairtrade-certified products, which it then sells in its own Oxfam Shops. Oxfam contends that trading rules designed by the developed world contribute to poverty in developing countries, and their Fairtrade work is aimed at remedying this<sup>41</sup>.

**Save the Children Australia** works with the private sector through both corporate social responsibility and inclusive business models and partners with a wide variety of companies, from large multinationals such as IKEA, Unilever, MasterCard, Bulgari, and GlaxoSmithKline in delivering programs that range across areas such as financial inclusion, financial literacy, health services, and vocational training. For example, in its partnership with GlaxoSmithKline - a multinational pharmaceutical - Save the Children are involved in helping to research and develop medicines for children, and on how to ensure that access to these medicines in the developing world is maximised<sup>42</sup>.

The **Business Call to Action** is a global business leadership platform that was launched at the United Nations in 2008 to focus the efforts of companies in developing inclusive business models, and receives ongoing support from DFAT, amongst other international aid agencies. It acts as a hub of knowledge for inclusive business and plays a strong role in advocating for the improved measurement and evaluation of inclusive business, and itself collects evidence from its members of their successes and failures in inclusive business. Business Call to Action sees a unique role for itself

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<sup>40</sup> Oxfam Australia, Submission to Joint Standing Committee on Foreign Affairs, Defense and Trade. Inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region. May 2014.

<sup>41</sup> Oxfam Australia, <https://www.oxfam.org.au/explore/trade>, August 2014

<sup>42</sup> Save the Children Australia, Submission to Joint Standing Committee on Foreign Affairs, Defense and Trade. Inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region. May 2014.

in advocating inclusive business, based on its unique perspective gained from maintaining such close links with an involved and interested business community<sup>43</sup>.

**The Business for Millennium Development (B4MD)** is an Australian not-for-profit organisation that ‘encourages and facilitates core business activities that contribute to the Millennium Development Goals’ and was established to raise awareness about inclusive business opportunities in developing countries<sup>44</sup>. They believe that, in order for companies to prosper, they must develop close and long-term partnerships with the communities they work in<sup>45</sup>. Practically, this encompasses work on employment opportunities, social programs, human and labour rights, infrastructure and inclusive supply chains<sup>46</sup>.

As a prominent Australian international development NGO peak body, **ACFID**’s role in PPPs and IBMs has - as with industry organisations - been primarily to facilitate the collation and transfer of its members’ opinions, advocate on their joint perspectives and to support good practice. ACFID has a Business Engagement Working Group, with representatives from across its member agencies, to encourage and strengthen NGO-private sector engagement for development outcomes. ACFID has encouraged the Australian aid program’s economic growth agenda to focus on income growth and opportunities for the poorest 40 per cent of people in developing countries including job creation, facilitating the movement of workers out of the informal economy and into the formal economy (with its greater legal protections), focusing on women and other marginalised workers, concentrating on the value of trade rather than just the volume of trade, and targeting micro, small and medium enterprises for engagement.<sup>47</sup> In regards to PPPs, its concern has been that such modalities adopt World Bank social, legal and environmental safeguards and standards, especially when undertaking large-scale infrastructure projects<sup>48</sup>.

## 4.3 Multi-stakeholder alliances and initiatives

At the multi-stakeholder level, Australia is a member of the **New Alliance for Food Security and Nutrition**, a shared commitment to achieve inclusive agricultural growth and raise 50 million people out of poverty by 2022. Australia is also a party to the **Global Agriculture and Food Security Program**, a multilateral mechanism to improve incomes and food security through increased agricultural productivity. Funders include Australia, Canada, Gates Foundation, Ireland, Japan, Korea, the Netherlands, Spain, the United Kingdom and the United States. Both of these programs have a strong emphasis on private sector collaboration.

In partnership with the government of New Zealand and the Asian Development Bank (ADB), Australia has also been implementing the **Pacific Private Sector Development Initiative** which operates in three areas: commercial law reform (including electronic registries), financial sector

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<sup>43</sup> Business Call to Action, Submission to Joint Standing Committee on Foreign Affairs, Defense and Trade. Inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region. May 2014.

<sup>44</sup> See: Business for Millennium Development, <http://b4md.com.au>.

<sup>45</sup> Morgana Ryan, Shaun Richardson and Paul Voutier, *Business in Development Study 2012*, Business for Millennium Development and Accenture, 2012, p12. Originally sourced from DFID.

<sup>46</sup> Ibid.

<sup>47</sup> <http://www.acfid.asn.au/resources-publications/files/benchmarks-for-an-effective-and-accountable-australian-aid-program>

<sup>48</sup> See: ACFID, *Role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region: ACFID Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade*, May 2014

reform, and competition policy. It also maintains a focus on PPPs, access to finance, business environment reform, and women's economic empowerment.

With Australian support, the ADB has also recently launched a **Business Investment Fund (BIF)** in the Pacific. This program is intended to be an equity investment facility and technical assistance fund, with highly selective funding for a narrow base of recipients, in addition to providing general business support. Given the scarceness of equity in the Pacific, especially for SMEs, this fund will take an equity stake in selected SMEs and will also support its investment with technical assistance to upgrade management and skills capacity.

Australia is also contributing funds to the **African Enterprise Challenge Fund (AECF)**, a successful multi-donor challenge fund designed to catalyse private sector innovation in Africa and find profitable ways of increasing market access and efficiency for the poor. The AECF awards grants and interest-free loans to businesses that can innovate specifically in agriculture, access to finance, renewable energy, and climate change adaptation.

## 4.4 Extractive industry partnerships

The study team's interviews revealed that the extractive industries have been involved in Corporate Social Responsibility (CSR) and partnership projects for a number of years. As these are private-sector-driven initiatives, there is less documentation on their activities and outcomes compared to Australian ODA activities. Consequently, the major technical lessons from those experiences are not yet available.

Nevertheless, there are several examples of partnerships between Australian ODA and the extractive industry that were analysed for the purposes of this report. The AusAID and now DFAT-funded **International Mining for Development Centre** feeds strongly into the 'mining for development' policy discussion. The centre works across the developing world—especially in Africa—and provides advice on how private sector mining activities in developing countries can best be leveraged to provide benefits to the poor and to local and regional governments, especially through the improvement of corporate governance models and 'sustainable and inclusive policies and practices'<sup>49</sup>.

### **What is CSR?**

CSR has been defined by the United Nations Industrial Development Organization (UNIDO) as a management concept whereby companies integrate social and environmental concerns into their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social objectives (the 'Triple-Bottom-Line-Approach'), while at the same time addressing the expectations of shareholders and stakeholders.

Another initiative, the **Extractive Industries Transparency Initiative (EITI)**, of which Australia is a member, seeks to bridge the information gap between private sector miners and civil society by publishing data on government revenues received from mining and other resource extraction activities.

<sup>49</sup> *IM4DC Highlights 2013*, International Mining for Development Centre, 2013, p3.

Many of the large Australian mining companies also engage in **inclusive** community development work. For example, BHP Billiton, a large Anglo-Australian mining company, operates two corporate charities that invest in communities—BHP Billiton Sustainable Communities and the BHP Billiton Foundation. These charities have adopted a ‘community needs-driven’ approach which recognises the importance of BHP and communities sharing objectives for effective partnerships. They seek to align with project partners who share BHP’s values, and work towards long-term and sustainable benefits for communities<sup>50</sup>. BHP works in partnership with communities on issues as varied as rural development, education and training, health, governance, and improving employability in disadvantaged populations, and has actively supported SMEs. It regularly establishes local foundations to promote and operationalise the shared missions of BHP and the local communities affected by their mining projects.

A specific example of BHP’s work has been the Ba-Gaphadima Sand Mine Project in South Africa. Due to chronic unemployment and low levels of education in the surrounding community, the project sought to help the local community to acquire its own mining licenses and establish local enterprises to mine and sell the sand. To do this, BHP provided support in creating sustainable business plans, provided management skills training, and purchased vehicles for the enterprises. The project has also contributed to thwarting illegal mining in the area<sup>51</sup>.

Rio Tinto, a British-Australian multinational mining company, is also involved in community development, which supports its corporate philosophy and global code of business conduct. In particular, Rio Tinto’s goal is that ‘[a]ll operations have locally appropriate, publicly reported social performance indicators that demonstrate a positive contribution to the economic development of the communities and regions where CARANA works, consistent with the Millennium Development Goals’<sup>52</sup>. The mining company sets up community development funds for this purpose and has worked extensively to engage and include indigenous communities to benefit from Rio Tinto’s mining operations. Its primary areas of focus include education, health, culture, environmental management and regional sustainability; under its regional sustainability pillar, it has worked to foster regional economies through employment, procurement and economic development initiatives, as well as to provide support to SMEs<sup>53</sup>.

The international research conducted in Study 2 identified that Canada’s **Department of Foreign Affairs, Trade and Development (DFATD) is taking a very proactive approach to directly linking its economic and social development programs with Canadian mineral and natural resource companies having operations in developing country locations**. These programs work on integrating the international companies more deeply into local value chains through agricultural backward-linkage programs, local supplier training programs, and vocational training programs for workers. This type of donor PPP program could be very relevant to Australian mining and natural resource companies with operations in developing countries where DFAT operates.

In March 2014, Australia announced that it will be implementing an Australia-Mongolia Extractives Program. This program will be designed to spread the benefits of the mining sector to the broader Mongolian population, focusing on improving access to technical and vocational education and

<sup>50</sup> *Our Contribution: BHP Billiton in the Community*, BHP Billiton, June 2014, p8.

<sup>51</sup> *Ibid.*, p16.

<sup>52</sup> See: ‘Communities’, Rio Tinto. <http://www.riotinto.com/ourcommitment/communities-4796.aspx>

<sup>53</sup> See: ‘Community Investment’, Rio Tinto, <http://www.riotinto.com/ironore/community-investment-9610.aspx>.

training in disadvantaged communities to improve their access to employment in the mining sector<sup>54</sup>.

## 4.5 Australian private sector lead IBMs

There are a number of Australian corporations that are already taking an IBM approach without ODA support, such as these:

**Coca-Cola Amatil.** Coca-Cola Amatil, a majority Australian-owned multinational beverage company, operates an IBM in Indonesia, entitled the *Indonesia Micro Economic Development Program*, which it created to grow its distribution network and increase the start-up capital available for small shop owners<sup>55</sup>. Despite significant challenges arising as a result of Indonesia's diverse population spread all across its archipelago, the program's provision of training and business workshops has 'turn[ed] a barrier into a source of competitive advantage'<sup>56</sup> for Coca-Cola Amatil.

**Barefoot Power.** Barefoot Power is an Australian company that sells affordable lighting and phone charging products for low income populations that lack access to electricity. Barefoot's mission is to provide commercial solutions for this development challenge, while helping these communities move away from inefficient and expensive sources of light toward cleaner and less expensive alternatives. Barefoot works extensively across the African continent, partnering with local NGOs and community organisations, while also turning a profit to ensure that Barefoot and its activities are sustainable.

Niche, high-value product IBMs are a growing area for Australian IBM's, especially those responding to growing consumer awareness and demand. One such example is República, an organic, carbon neutral, recyclable packaging, Fairtrade coffee retailer founded on an ethical philosophy that is fundamentally grounded in the principles of Fairtrade. República has managed to put its products on the shelves of the major supermarket chains, Coles and Woolworths, and has won numerous business awards.

## 4.6 Research and innovation

Research and innovation is important for the sustainable development agenda. Donors and development partners have undertaken significant work to leverage the knowledge, skills, and expertise of research institutions with a view to solving development challenges around the world. This is work especially important for food security development objectives and the rising demand for food. Research and innovation are necessary to accelerate improvements in productivity, enhance nutrition, adapt to climate change, conserve soil and water, upgrade processing techniques, increase food safety, and develop new products, among others. Private industries often face obstacles to researching and developing products for agricultural challenges in developing countries, such as technological challenges, lengthy development timelines, demand uncertainty, and reduced purchasing power among poorer populations. Public sector support can help the private sector

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<sup>54</sup> See: 'Australia-Mongolia mining industry cooperation', DFAT, March 2014, [http://foreignminister.gov.au/releases/Pages/2014/jb\\_mr\\_140318a.aspx](http://foreignminister.gov.au/releases/Pages/2014/jb_mr_140318a.aspx).

<sup>55</sup> Ibid.

<sup>56</sup> Ibid.

overcome some of these obstacles and remain engaged in research and innovation efforts in developing countries.

Both the public and private sector have roles to play in advancing research and innovation: (1) governments support knowledge generation and product development by investing in public research institutions as well as by fostering a stable and investment-friendly regulatory and business environment, and (2) the private sector both invests in research and innovation as well as serves as a conduit to market and distribute new technologies, techniques, services, products, etc.

Acknowledging the importance of involving both public and private sector actors to support agricultural research, public-private partnerships for agricultural innovation have been on the rise over the past decade. The primary motivations for public-private research partnerships have been to offset the costs and the risks of developing and disseminating innovations, and the desire to leverage the strengths of both sets of actors to overcome the challenges of developing innovative products and services. (see adjacent text box). This increased emphasis on public-private collaboration on agricultural research also mirrors the broader trends highlighted throughout this report about the widespread use of PPPs as mechanism to leverage, scale up, and sustain development impacts.

In agricultural development, research partnerships typically include private sector actors (for example, industry consortia, lead firms, producer organizations, cooperatives, and individual producers) and public sector institutions engaged in the development and distribution of knowledge and technology (including universities and research institutions).<sup>57</sup> Often, the broader social benefits of research to solve developmental challenges are perceived as exceeding the commercial benefits, which leads to an undersupply of research in certain fields. PPPs in agricultural research and development are increasingly becoming an effective mechanism to catalyse the necessary research, and to develop new technologies and products which benefit smallholder farmers and other marginalized groups in developing countries. Appendix 4 describes the international donor support for agricultural research.

CSIRO is Australia's national science agency and one of the largest and most diverse research agencies in the world. On agriculture, CSIRO researchers work with industries and communities across Australia and internationally on farming systems for productivity and sustainability; interactions between agriculture and the environment; global food security and development; and food futures. In developing countries, CSIRO focuses on food systems, how innovation works, as well as technological transfer and capacity building of research institutions. It also works on fisheries and aquaculture systems for food security. Key to all of this work is partnerships with international research institutions and multi-national and Australian companies. On aspects relating to the agriculture sector innovation and capacity building, CSIRO is partnering in 80 countries with NGO's research institutions, government and the private sector<sup>58</sup>. CSIRO also participates in many global networks and partnerships, including the Global Research Alliance (GRA), which has a network of more than 60,000 scientists, technologists and engineers worldwide working on key challenges such as food security.

To bring Australia in line with other donors, the Australian Government's new aid framework also recommends increased investments in research and development, particularly in the agriculture sector through ACIAR, and its Australian International Food Security Research Centre (AIFSRC), in

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<sup>57</sup> Hartwich, Frank et al. 2007. Building Public-Private Partnerships for Agricultural Innovation. Food Security in Practice technical guide series. Washington, D.C.: International Food Policy Research Institute.

<sup>58</sup> <http://www.csiro.au/Outcomes/Food-and-Agriculture/food-security/CSIROs-international-research.aspx>

### Benefits of PPPs in Agricultural Research

According to the International Food Policy Research Institute (IFPRI), research-oriented PPPs in agriculture have five main benefits common to most partnerships:

1. Reduces costs and risks of undertaking research;
2. Quality and potential for adoption by end users is improved through collaboration among the partners;
3. Leverages complementary knowledge, expertise, and resources;
4. Increases competitiveness and better market positioning;
5. Promotes poverty reduction through the development of new technologies and knowledge for beneficiaries.

*Source: Hartwich, Frank et al. 2007. Building Public–Private Partnerships for Agricultural Innovation. Food Security in Practice technical guide series. Washington, D.C.: International Food Policy Research Institute.*

order to accelerate improvements in productivity, supply chain management, and to reduce post-harvest losses<sup>59</sup>. The modus operandi of the AIFSRC is to bring ‘Australian and international researchers together to develop solutions to improve sustainable agricultural productivity’<sup>60</sup>, seeking to disseminate knowledge and further strengthen global food security.

Through the delivery of its agricultural research and development projects, ACIAR has been creating new trade opportunities in the Indo-Pacific region, promoting agricultural and global growth and enabling environments for greater investment and business opportunities linked to agriculture. In the 1990s, many projects focused primarily on productivity increases without due attention to market access and value chains. Presently over three quarters of ACIAR’s current projects have a strong market-led, value chain component embedded within them. Their agricultural research projects build on the strong collaborative research partnerships that ACIAR has developed and continues to engender. Some projects focus on improving agricultural productivity and the competitiveness of value chains, others address technical barriers to trade and market access. The private sector is emerging as a key research partner in many of ACIAR’s projects. This includes partnerships with large corporations such as Mars, Del monte and Dole as well as small and medium enterprises (SMEs). SMEs are increasingly being seen as important stakeholders who can improve the competitiveness of domestic value chains. For more details of ACIAR projects see Appendix 3 and 5.

<sup>59</sup> Commonwealth of Australia, Department of Foreign Affairs and Trade. Australian aid: promoting prosperity, reducing poverty, enhancing stability. June 2014.

<sup>60</sup> Australian International Food Security Research Centre, ACIAR, <<http://aciarc.gov.au/aifsc/food-security-and-why-it-matters#Australia%27s%20role>>.



## 5. Research findings and implications for Australian PPPs and IBMs

This chapter discusses key findings and their implications based on the research and interviews.

### 5.1 Key research findings (including results from interviews with key stakeholders)

The following key findings and related recommendations emerged during the study research:

**There is a lack of knowledge among Australian ODA personnel and Australian businesses of corporate social responsibility (CSR) and IBM priorities.** CSR is becoming an increasingly important issue among businesses, as managers, consumers, investors and employees have begun to understand how economic growth is linked to social and environmental wellbeing. Most businesses are very familiar with the CSR concept. However, the aid community is less knowledgeable about the CSR priorities of business, which leads to communication breakdowns and misunderstanding between the two sets of stakeholders.

Conversely, most businesses do not understand the concept of IBMs. Once explained, however, businesses can make parallels with the way their own businesses operate. There seems to be a gap between the way businesses focus top-down on shareholder satisfaction and consumer needs and the bottom-up, pro-poor approach taken by the aid community.

#### Chapter Summary

Opportunities for A4T, PPPs and IBM differ through the ASIA-Pacific region depending on context and geography, including the agriculture sector, which is constantly growing and evolving. There is an opportunity for business to build on and leverage Australian expertise, which is world renowned, especially in the areas of research and service provision. ODA officers can play an important role in pursuing key partnerships due to their understanding of country contexts and potential opportunities. It is important that the partnerships and models developed are seen as a process with flexibility and not a “one-size fits all”. There is increasing evidence that blended approaches with multiple tools work better, and access to finance should be a key component. Programs should target systemic change. Communication between the private sector, NGO’s and the Australian donor community is key to the partnerships that need to be developed to work together. Critical to this is the development of a common understanding of each other’s needs and language.

**Implications:** *This gap needs to be acknowledged and addressed by both the donor and the business community to ensure that both parties’ strategic goals are aligned in win-win situations. This alignment of strategic objectives is a prerequisite for an effective partnership.*

**Domestic policies can be perceived to be inconsistent.** Of particular concern to the business community is the perceived inconsistency of policy exercised by DFAT. It was reported that what one

DFAT officer says is not always reflected in what others say. Moreover, businesses find that policies, priorities and staff change often. This creates difficulties for businesses that need consistency from their partners when operating in the uncertain environment of developing countries. Banks that supply finance also need this consistency to feel comfortable lending to firms and partnering with donors directly. Inconsistent policy results in an **increased perception of risk** for the business opportunity and development project. If the risks are too high or uncertain, businesses and aid projects will not proceed with a partnership.

**There is a lack of communication which leads to misunderstandings between the private sector and the Australian donor community.** Based on our interviews, the Australian aid community and Australian businesses were not working effectively together to deliver sustainable development outcomes, the reasons for which were reasonably well understood by both groups. Through our discussions, it became apparent that there is a lack of understanding among DFAT officials of the commercial realities of how businesses operate, which often leads to unrealistic expectations about how businesses can participate in development projects. Similarly, members of the business community generally do not understand DFAT's operational environment, which often leads to unrealistic expectations as to how they can partner with aid-funded development projects. One of the major differences relates to the different time constraints under which the two operate: the private sector feels that donors are often slow to start up the projects, yet they are pressed for results when the project starts.

Another factor contributing to the breakdown of potential collaboration between DFAT and businesses is a communication gap as a result of the use of differing terminology. Terminology and concepts that are unique to one group may not be well understood by the other. For example, 'shareholder return' is a critical concept for the private sector but is not as important for the donor community; the donor community, on the other hand, will design and initiate projects that have 'pro-poor outcomes', however this concept is not used very often by the business community. As discussed in the first finding above, donor and private sector use of IBM and CSR concepts have also resulted in confusion.

Although DFAT has had a significant amount of dialogue with private business, it is still lacking some of the modalities for private sector engagement.

**Implication:** *These information gaps have led to confused expectations and breakdowns in project planning, and there is little being done currently to align terminology, exchange lessons learnt, or provide education, training and forums to bring these two main stakeholder groups together. Experience in other countries has shown that once the parties are working together effectively, better results can be achieved.*

**The profile of Australian businesses in agriculture is evolving.** The following companies are Australian-owned, private agribusinesses, and represent a sample of the many companies that could be approached about partnership opportunities with the Australian government in developing countries: seed companies (such as Nuseed, Pacific Seeds, Australian Agricultural Technologies), input suppliers (companies such as Impact Fertilisers, Incetec Pivot, Hi Fert, Dural Irrigation), crop protection companies (Ag Biotech Australia), crop production (SunRice, Costa Group and Norco Co-Op), meat producers (Midfield Meat International, Primo Small Goods, T&L Pastoral, Baiada Poultry, Kilkoy Pastoral, Bindaree Beef and Inghams Enterprises), fisheries (Kailis Bros), dairy companies

(Warrnambool Cheese and Butter), food processors (Goldman Fielder, Bakers Delight, Arnotts Biscuits), wine producers (Melbourne Treasury Estates and Casella Wines) and other beverage companies (Coca-Cola Amatil).

While the Australian food and agricultural export sector is very important to regional value chains, there is a significant opportunity for greater Australian integration into these value chains, both in Australian import and export markets. Although the economic relationship has yet to move from a transactional trade model to a partnership-based trade model, existing trade patterns evidence a strong Australian export-import base from which it can build and realise greater benefits for Australian farmers and agribusinesses. The same expertise that has allowed Australian farmers to excel in global markets thus far can be tapped in developing markets to support their agricultural development.

Additionally, according to our interviews and research, there have been a number of recent, foreign mergers and acquisitions in the Australian agriculture and food sectors. Some of the mergers have resulted in joint ventures between multi-nationals and Australian firms, and others involve a new majority ownership by a multi-national company. This merger consolidation trend, especially in cases where the global headquarters is no longer located in Australia, could impact the ability of Australian companies to make as many strategic decisions about partnering with aid-funded projects in developing countries. The reorganisation of what is now a multinational business could mean that the newly formed Australian subsidiaries would no longer have autonomy to identify and pursue partnerships. At the same time, many of the subsidiary Australian companies in this sector are serving as Asia-Pacific regional headquarters for their companies. To the extent that partnerships with Australian aid agencies are targeting PPPs or IBMs focused in the Asia-Pacific, these companies still could be interested in exploring partnership opportunities. Further research is recommended on this issue.

**Implication:** DFAT can leverage the expertise, capital, market connections, and resources of Australian agri-businesses to contribute to sustainable PPPs and IBMs in partnership with Australian ODA programs. The study team believes there is a there are a good number of Australian-owned or Australia-based food and agriculture companies that may be interested in win-win PPP or IBM partnerships with Australian donor agencies in developing countries.

**Opportunities exist for building on and leveraging Australian expertise in agricultural research and development.** Australia has a strong record in collaborative agricultural research and development and research capacity building. The country has highly developed scientific networks and systems in areas such as water management systems, adapting to climate change, biotechnology, breeding for high yielding and drought resistant varieties, nutritional science, and information technology<sup>61</sup>. Several Australian agricultural value-chain development assistance projects have done well in facilitating both vertical and horizontal linkages in food and agricultural markets<sup>62</sup>. This ability to forge collaborative technical linkages could be extended to other development partners—including universities, private companies with research and development capacity, and private foundations. One of the key determinants of success is identifying technologies that are effective and then finding ways to scale them up for broader reach and impact.

<sup>61</sup> Ian Chubb, Strategic Framework for International Agricultural Research within Australia's Aid Program, ACIAR, 2012, p iii.

<sup>62</sup> See: Appendix 2.

One of the greatest opportunities for aid programs in the agriculture sector is to learn from, and then scale up, technical successes. Research and development can be supported by government through development assistance; however, there must ultimately be a commercial incentive for farmers and other relevant private sector players to commit to, and invest in scientifically proven crops and techniques.

**Implication:** *This will require additional effective collaboration between researchers and the private sector to identify which scientifically beneficial advances are also commercially viable and therefore scalable and sustainable over the long term. There is also the scope for Australian research institutions to engage with developing country counterpart institutions for the purposes of capacity building, but also to partner and pursue win-win research outcomes. Australian donors can play a role in encouraging private companies to scale up and commercialise their relevant technologies and solutions in developing and emerging markets.*

**ODA project officers have the unique ability to pursue PPP opportunities.** The study team's interviews and review of global experience and trends revealed the unique position of donor project officers and their ability to identify opportunities for the private sector to augment the programmatic work. One major theme coming out of the interviews was that these sorts of business opportunities are often identified by ODA project officers—or brought to their attention by the businesses themselves—but they are unable to pursue them because they do not fit within the parameters of current projects or programming.

**Implication:** *With greater flexibility from headquarters, field offices can be more creative and innovative in identifying private sector opportunities and ways to integrate them into projects.*

**Opportunities for A4T, PPPs and IBMs throughout Asia and the Pacific differ according to context and geography.** Access to markets, especially in the agriculture sector, is generally easier to achieve in the more interconnected economies of Southeast Asia than in the isolated economies of the Pacific. In the Pacific, as much as 80% of the population—depending on the country—works in the agricultural sector. Although agriculture and horticulture are the major source of income for most rural households in this region, agricultural exports remain relatively undeveloped and highly variable<sup>63</sup>. In spite of this, opportunities exist to develop PPPs and IBM initiatives that meet demand for fresh and processed foods in the Islands' tourism industry. Backward linkage programs can be developed with hotels, resorts, restaurants, and cruise ships to supply locally produced food. Opportunities can also be found in fisheries, especially for tuna, aquaculture, and aquaponics to increase production and improve quality and better manage the cold chain. In Papua New Guinea, there are opportunities to expand the entire coffee value chain, including growing, transporting, processing, packaging and ultimately exporting. Some of the NGOs, such as CARE, are already working with the private sector on capacity building to strengthen the supply chain.

In Southeast Asia, the opportunities for agricultural development are generally more advanced and there is less need for donors to engage in top-down identification of these opportunities or to pilot new value chains. The greatest opportunities are in scaling up existing opportunities.

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<sup>63</sup> Pacific Horticultural and Agricultural Market Access Program: Program Design Document, AusAID, July 2010, p2.

**Implication:** Aid programs will have to be flexible and tailored to the country or regional context, not one-size-fits-all programming.

**Opportunities for agricultural production and partnerships in Asia are growing.** As the world's industrial output and economic power continue to shift towards Asia, purchasing power and the share of value-added agricultural products is undergoing a similar shift. A study by Anderson and Strutt predicts that, from a 2007 base, the global share of Asian developing countries' value-added agriculture will rise from 29.3% to 53.3% by 2030—an 82% increase. Even as absolute production in Australia increases over the same period, Australia's global share is predicted to decline by a third, from 1.2% to 0.8%<sup>64</sup>. In part, this is because more sophisticated industrial and knowledge-based methods of farming and food processing are becoming economically viable in Asia.

Historical trends in supply are also continuing to outpace demand, and despite short-term price spikes, agricultural commodity prices seem set to return to long-term decline. Australian food producers, already under pressure from the high Australian dollar exchange rate created by the mining boom, will find themselves increasingly under competitive pressure despite being some of the most efficient farmers in the world. Long-term trends in climate change are also unfavorable to agricultural production in many parts of Australia<sup>65</sup>.

**Implication:** Based on these trends, Australian ODA can play a critical role in helping Australian agribusinesses to identify win-win opportunities in developing countries in Asia and the Pacific. Forecasting the regional and economic impacts of climate change both in Australia and in partner countries in Asia and the Pacific will be important to explore existing adaptation technologies and techniques and how to begin mainstreaming such activities.

**Supply chains between middle-income and lower-income Asian countries are becoming increasingly interconnected and critical to increase productivity and stimulate demand.** With Asian middle-income countries and their rising middle classes driving the demand in the food sector, there is an opportunity for their lower income neighbours—especially Cambodia, Laos, and Myanmar—to export their agricultural products to their regional trade partners. This same logic applies, to a lesser extent, to underdeveloped regions in the Indonesian archipelago—eastern Indonesia, Timor-Leste, and perhaps even Papua New Guinea—and the Visayas and Mindanao in the southern Philippines.

**Implications:** Efforts to further this integration will require strategic analysis at the regional level, with national-level interventions contributing to a regional vision for value chain integration. The experiences of the Cambodian Agricultural Value Chain Program (CAVAC) (discussed in section 3.4.4) provide useful lessons learnt relevant to integrating into regional value chains, as well as the development of infrastructure as a key component of market development.

<sup>64</sup> Kym Anderson and Anna Strutt, 'Emerging economies, productivity growth and trade with resource-rich economies by 2030', *Australian Journal of Agricultural and Resource Economics* (Vol. 58) 2013, p7.

<sup>65</sup> See: Chapter 6, Ross Garnaut, *The Garnaut Climate Change Review: Final Report*, 2008



**Protectionist trade policies in Asia pose a threat to increased trade in agriculture.** One of the major threats to the future of Australian trade in the agri-food sector is the rise of protectionist policies, especially in large markets such as Indonesia, India, and China. Unfortunately, “[p]rotectionism... appears to be the currently preferred path”<sup>66</sup> in Asia, with Indonesia in particular demonstrating a lack of commitment to trade policy reform and liberalisation<sup>67</sup>. Often, this protectionism is driven by policies about national food security and sovereignty.

**Implication:** *Efforts to remove protectionist policies provide an opportunity for Australia to work alongside businesses to engage in public-private dialogue and market-driven policy reform. This will be a critical part of any A4T project that works in countries inclined to protectionism.*

## 5.2 Carana’s appraisal of strategic support for PPPs and IBMs

***Under Australia’s new development policy agenda, working with and through the private sector (both in partner countries and Australia) is to be mainstreamed throughout all Australian development programming.*** This focus on the private sector also includes activities to support the overall environment for successful private sector growth, including reforming the business environment in partner countries, facilitating access to finance, and building the capacity of the workforce. The Australian Government acknowledges the issues of additionality and will only provide funding for activities that the private sector would not finance itself<sup>68</sup>.

**PPPs and IBMs are now mainstream mechanisms found in most donor programs and projects—Australia can benefit from their experiences and lessons learnt.** PPPs and IBMs are useful tools that can provide significant leverage and help Australia to better reach the hundreds of millions of smallholder farmers and poor agricultural stakeholders in its primary focus regions, Asia and the Pacific. If Australia’s approximately A\$200 million in agricultural development assistance could be used to leverage similar or even larger capital flows from the private sector, it would exponentially expand the effectiveness and sustainability of Australian ODA, and would also leverage the private sector’s ability to innovate, provide access to markets, and quickly bring solutions to scale. Australian ODA institutions have a history of working with private sector actors, but much more can be done to develop effective and operational PPPs and IBMs in agriculture.

When comparing Australian ODA programs with those of other leading donors experienced in private sector development, there are several opportunities for improvement. These include the following.

**Projects should use multiple tools for reaching development goals. In the UK and U.S., projects typically combine matching grants, technical assistance for firm or farm productivity, access to**

<sup>66</sup> Kym Anderson, *Australia’s Competitiveness in Contributing to Asia’s Food Bowl and Food Security*. Submission to the Ministry of Agriculture, Agricultural Competitiveness White Paper, University of Adelaide, April 2014, p3.

<sup>67</sup> See: Michael Cornish, ‘The politics of economic reform in contemporary Indonesia’, *East Asia Forum*, Australian National University, 19 November 2013, <<http://www.eastasiaforum.org/2013/11/19/the-politics-of-economic-reform-in-contemporary-indonesia>>.

<sup>68</sup> Commonwealth of Australia, Department of Foreign Affairs and Trade. Australian aid: promoting prosperity, reducing poverty, enhancing stability. June 2014.

**finance assistance, and policy work in a single, integrated project.** Based on the literature review and interviews with development professionals inside and outside of DFAT and ACIAR, the study team concluded that more could be done to develop integrated Australian aid projects. For instance, the design and implementation of Australia's challenge fund programs took a 'hands-off' approach to identifying and developing business proposals or complementing them with technical assistance and other appropriate financial products (such as loans or loan guarantees), which resulted in underperforming grants. Grant recipients were also not well integrated into broader value chain development initiatives, which could have provided the complementary support necessary for success.

**There is no 'one-size-fits-all' model for successful IBMs.** IBMs are always context specific, particularly in regard to the country and value chain; consequently, it is difficult to recommend supporting a specific IBM. However, there are several important considerations and principles to be taken into account when implementing IBM projects. First, aggregation is critical and provides an important service for stakeholders in agricultural value chains. Second, supply chain actors, particularly smallholder farmers, benefit when larger firms engage their supply chain actors by providing embedded services, opportunities to access finance, and other interventions. Moreover, donors can help identify the financial products needed by IBMs and if necessary, can work with banks and other financial institutions to develop tailored products. Finally, developing long-term contracts between buyers and producers creates the stability for farmers to make investments in inputs and utilise new agronomic practices learnt from training. Constructing the right IBM is like putting together a jigsaw puzzle; it requires important technical and facilitation skills.

**Emphasis must be placed on providing access to finance.** Most donors have developed a number of programs and mechanisms to facilitate access to finance for firms and farmers. Finance is what sustains and enables productivity improvements and value chain upgrading in the long run. Donors have taken various approaches to promoting access to finance, including risk mitigation mechanisms for loans, developing credit and insurance guarantee schemes, and building the capabilities of service providers to produce viable business plans and loan proposals for banks, equity investors and other financiers. Study 2 provides extensive detail on the types of mechanisms widely used by donors and assesses their effectiveness.

**Partnerships are most effective when used to promote whole sectors or clusters.** One-off grants for individual firms or projects are less effective and useful than projects that seek to target challenges for the wider value chain or system. Donor funds are more effective and more likely to have transformational impacts when projects can provide solutions to challenges preventing the growth or expansion of the wider value chain or system.

As discussed, private-sector-oriented agricultural development projects should be tailored to the regions in which they are operating. In general, bilateral approaches for agricultural development projects are effective and can be accelerated through co-financing with like-minded donors, such as the Swedish International Development Cooperation Agency (SIDA), USAID, and the New Zealand Aid Programme.

Some focus countries will require large-scale investments to solve certain development challenges, which can be addressed in coordination with other development partners working in the country, by pooling resources or through joint implementation. In Southeast Asia in particular, where ASEAN is an important driver of trade and investment policy reform, there is an opportunity to coordinate with other donors on projects addressing trade policy regionally.

Regional programs for small island economies are effective as they can provide a variety of services or mechanisms (business development services, finance, market linkages, policy reform) with lower management costs compared to piloting a range of programs requiring independent management in several countries. As discussed, recipients of the ECF program would have been better served, and better development objectives would have been achieved, if additional resources were made available to tackle related challenges in the targeted value chains.

The preceding implications apply to IBMs; however, this study offers three specific recommendations for integrating IBMs into Australia's private sector engagement portfolio.

**First, larger, bilateral programs, many of which have been founded on M4P or value chain principles, can be adapted to include PPPs and IBMs as part of their interventions.** By their nature, M4P programs are market oriented and many programmatic goals are often best reached through collaboration with the private sector, especially by supporting IBMs. Adding components to these programs may require some design and monitoring and evaluation (M&E) changes; however, there are natural synergies between the M4P approach and supporting inclusive business PPPs. Australia can support IBMs through existing agricultural development projects as a mechanism to achieve project outcomes.

**Second, as stated above, programs in less developed economies are generally more successful when they incorporate various tools and integrate hands-on assistance.** PPPs are a great way to jump-start economic activities in less developed countries. Therefore, identifying additional business partners should be a strong focus of any activities in the Pacific region.

**Third, to generate a pipeline of partnership opportunities, it is useful to establish a private sector engagement team to work with and motivate companies to partner with Australian aid in Asia and the Pacific.** There are significant economies of scale for companies that enter similar or adjacent markets at the same time, and this can be much more easily coordinated through a central office or point of contact in Canberra, rather than dealing individually with each country mission. This mechanism will allow Australian aid to be more visible to the Australian business community and continue to maintain support from the general public.

## 5.3 Carana's appraisal of operational program management

**Managing multi-stakeholder partnerships can be complicated; however, it should not be a deterrent from utilising this approach.** As both Studies 1 and 2 have highlighted, constructing, managing, and evaluating PPPs can be complicated. There are issues of how to count each party's contributions, of how to align objectives over the long term, and of the need to access information that a private company may deem proprietary. The following are useful guidelines for designing, managing, and evaluating PPP projects:

- **Clearly delineate the business and development objectives, resources to be allocated, and milestones to be achieved from the beginning.** Outlining the details of the partnership through MOUs or similar documents can help ensure at the outset that interests are aligned and responsibilities are well understood.
- **At partnership inception, define the information that will be required from each party and the collection methodologies.** Donors are often most interested in collecting baseline



information on project beneficiaries and the socio-economic impacts of the partnership, while businesses are well-placed to collect information on production, commercialised product volumes, prices and other commercial data. Having both partners collect the same information can be useful to ensure accurate measurement and triangulation of data. Independent third-party facilitators, such as contractors or NGOs, are often in the best position to collect and interpret the data from both the development and the business perspective. Independent third-party contractors can also help bridge the overall gap between private partners' and donors' business cultures, business processes, terminologies and timetables.

- **Allow for periodic adjustments as partnerships will evolve over time.** Partnerships are living relationships and, more often than not, they will evolve in scope, size and direction throughout implementation. For example, business conditions may improve or deteriorate, agronomic assumptions may change, scaling may occur more or less rapidly than anticipated, and weather conditions may impact yields. In CARANA's experience implementing PPPs, it is important to keep sight of the top-line objectives, while having the operational flexibility to reassign budgets and reprogram technical activities as conditions evolve.
- **Effective partnerships, like successful development projects in general, are about more than meeting the disbursement/investment objectives, such as reaching a certain number of farmers or the percent by which income has increased.** While these examples are important operational metrics for measuring the progress of a PPP, a good partnership should aim higher, to have a transformative or systemic impact. Well-designed PPPs and IBMs should generate results and impact after the partnership concludes, and post-project evaluations should be a component of the project's monitoring and evaluation plan from the start. Additionally, effective partnerships often result from well-designed processes and stakeholder relationships – most partnerships do not track these components, yet they are critical to the long-term sustainability of the initiative.



## 6. Conclusions - ideas for the future

This chapter provides ideas for engaging with the private, partnership mechanisms that Australian can employ, capacity building of ODA officials, and change management considerations. These ideas are based on international experiences and are to be used for discussion.

### 6.1 Engaging the Private Sector

**Based on interviews with both the Australian government (DFAT, ACIAR) and the Australian private sector, there is a clear need to establish or reinvigorate dialogue between the two stakeholder groups.** Previous engagement efforts failed to result in many significant, concrete partnership opportunities, as mentioned in the preceding sections. This is a common challenge that most donors face, even purportedly pro-business organisations such as USAID and the IFC, and our suggested solutions include the following:

1. **Identify mechanisms that can be utilised to generate PPPs and IBMs.** To begin this process, DFAT and other donor organisations should articulate their principal strategic goals and objectives for their PPP and IMB programs. They should specify the types of activities they will want to fund and the types of partnerships they are interested in engaging in. This should be followed by a discussion with different Australian donor agencies of the various mechanisms that can be utilised. At this stage of the planning, issues of additionality, impact, sustainability, governance, and M&E will need to be resolved before approaching the private sector. CARANA can provide further guidance based on our implementation experience, and can identify important reference documents.
2. **It will be useful to have a central funding mechanism available in Canberra, even if most partnerships will be developed and funded by Missions outside Australia.** The Canberra-based office can be a valuable conduit for reaching out to businesses in Australia. To be most effective, this office can increase its credibility if it can both outline priorities for the country Missions and contribute some of its own resources to these country-level initiatives, even if it is a small proportion of overall agricultural PPP funding.
3. **Most private sector engagement work and funding will be accomplished at the Mission level.** In coordination with Canberra, it will be critical to have field-based officers with the ability to design programs and specific partnerships, as these field officers will be in the best position to assess the practicality and suitability of partnership opportunities. A majority of the partnership opportunities will likely come through host country companies and, in other cases, through third-country corporations. These will only be reached by the Mission-based team. Canberra-based staff should continually scan for Australia-based leads that it can pass on to the country and regional teams, particularly when they develop relationships with large companies that may be interested in partnership opportunities in multiple countries. There will be a need for significant coordination to reach maximum efficiency and identify the most promising partnerships.
4. **Australian aid agencies can help the Australian business community think through ways to trade with their neighbours, and also to partner with them.** Australian aid agencies should share other donors' lessons learnt and best practices on how to engage in inclusive

businesses in developing countries with Australian businesses. The Dutch and Germans, in particular, have been effective in using assistance programs to facilitate the entrance of domestic businesses into foreign markets. While it is unclear whether it is a good development practice to prioritise Australian businesses over non-Australian businesses when forging PPPs, it is in Australia's overall geostrategic interests to at least motivate its business community to engage at a deeper level in countries across the Asia-Pacific region. DFAT and other ODA organisations could, for example, hold a series of trainings or discussions with the Australian private sector that focus on the lessons learnt and insights from other donor-driven PPPs and IBMs.

5. **As DFAT and other organisations engage with the Australian agricultural business community, stakeholders should jointly discuss other mechanisms available to Australian businesses that complement DFAT mechanisms, such as export guarantees or insurance schemes from other agencies.** This will help reinforce the government's integrated approach and demonstrates that it is seeking to better coordinate its business, development and geopolitical objectives. In the U.S., where the development agency is independent, USAID is creating good synergies among agencies through ample coordinating and information sharing among the many agencies that have international programs, including the U.S. Department of Agriculture, the Overseas Private Investment Corporation, the U.S. Trade Development Agency and others.
6. **It is critical that Australian aid agencies set private sector expectations with regard to the benefits it will derive from partnering with the Australian government.** A common concern surrounding PPPs and IBMs is that the private sector is effectively receiving special treatment or subsidies by partnering with a public aid institution. Given this criticism, partnerships are closely scrutinised, therefore, the rationale for partnering needs to be clearly laid out, with partner interests clearly delineated at the outset. Additionally, the processes for partnering need to be transparent, and the government also needs to be clear about where it will not invest. These measures will build credibility and respect within the business community—which the study team is confident will be able to understand the proper parameters for partnerships—and with the Australian public at large.

## 6.2 Partnership Mechanisms that Australia Can Employ

There are a number of ways in which Australia can start utilising the power of partnerships to improve the effectiveness and efficiency of its development assistance. In Figure 4 seven ways are highlighted which, through new mechanisms or projects, or even with existing mechanisms and projects, a motivated organisation can work with the private sector to support inclusive PPPs.

Structure new PPPs	Design 'PPP engine' project	Develop projects with PPPs as key intervention tool	Use convening power	Create bridges with existing projects	Redirect existing projects	Leverage synergies with other government programs
Leverage private sector through new projects or mechanisms			Leverage private sector through existing projects or mechanisms			

Figure 4: Seven Ways to Enlist the Private Sector in Support of Inclusive PPPs

**Structure a New Mechanism to Solicit Partnership Opportunities.** This is perhaps the simplest approach to identify and carry out new partnerships. The study team would suggest that Australia put together a structured approach for soliciting proposals from the private sector in light of very specific goals that it wants to achieve in its target countries. The USAID Global Development Alliances model is probably the simplest and most worked-through model that could be easily taken up by Australian ODA institutions and tailored to meet needs specific to Australia. The mechanism promotes innovative ideas and scalable solutions from a wide range of stakeholders, encourages competition, allows for third-party facilitators to present proposals (which tend to be more polished than those presented by businesses themselves), allows for structured communication (which helps bidders improve proposals or realise that they do not meet requirements), and is all done within a competitive procurement process that is transparent and fair. As with other donors, these solicitations could be initiated at both the headquarters and Mission levels.

The basic process, which has been well tested by other donors, consists of the following steps:

1. An Australian organisation, such as DFAT, **prepares and releases a solicitation or request for expressions of interest** stating that it is seeking to partner with private sector firms, individually or in groups, or with NGOs, for initiatives in one or more target countries that can result in demonstrable impact on farmers' incomes, jobs, improved nutritional status, or other key economic variables. Proposals should explain how they adhere to A4T principles and will leverage at least A\$1 for every DFAT dollar (preferably more). Proposals would be short—initially concept papers of about five pages in length. Bidders will be encouraged to speak to a program officer to understand more detail concerning DFAT's specific goals. In the conversation, the officer will be allowed to make suggestions, answer questions, and state the criteria through which the proposals will be evaluated and contracts awarded.
2. **Proposals will be short-listed** according to the selection criteria specified. The number of short-listed proposals will depend on the quality of the proposals and resources available. At this stage, bidders will be allowed to speak to a project officer once again about the strengths and weakness of the initiative, including budget issues.
3. Following this interaction, **a group of finalists will be invited to submit full proposals** with a proposed M&E system, hard financial commitments, a more detailed work plan, proposed personnel, and other important information desired by DFAT.
4. **A subset of these final proposals will be selected as winners**, allowing for final negotiations between DFAT and the selected winners. Upon successful negotiations, a final award agreement will be signed.

In countries with a specific PPP strategy, the solicitation could be very specific regarding the objectives and criteria. It might be worthwhile to explain this opportunity in business fora, co-sponsored by lead agricultural organisations. Some of the specific types of PPP projects could be:

- **PPP ‘Engine’ Projects.** Similar to an Enterprise Challenge Grant program, a program could be designed where a third-party NGO/consulting firm would be hired to solicit, improve, and then manage a number of PPPs. The program could be constructed in a way similar to the USAID Market Linkages Initiative based in Eastern Africa, which focused solely on identifying partnerships that would result in improved storage capacity for staple crops. Businesses were required to pay at least 50% of the cost of the sub-project grant, and improvement in interactions between smallholders and aggregating businesses had to be demonstrated. Other projects have been much wider in their objectives, have had much greater leverage requirements, or stipulated minimum income or jobs results. All of these programs essentially helped create IBMs. Under this approach the donor takes much less of the burden of identifying, generating, managing, and reporting on the partnerships. The managing costs are paid directly to the third-party service provider.
- **Develop Agricultural Development Projects with Embedded PPPs.** Many private sector development specialists believe that PPPs are an important, though not sufficient, way of achieving inclusive economic development. In this view, which is shared by many proponents of Value Chain, M4P, and other system approaches, donors have an important role in figuring out a way to create a better economic growth system. This approach is likely to encourage private sector investment and the development of IBMs, but may also require tackling policy bottlenecks, access to finance issues, or improved standards for which there may or may not be an opportunity for a PPP. In line with Australia’s new aid framework, Australia should encourage the use of PPPs in existing agricultural development projects which would still have a broader mandate than just generating PPPs. Previous sections have referenced experiences in including PPPs in DFAT M4P projects.
- **Highlight Inclusive Business Opportunities.** Under this scenario, Australian Missions, particularly ones without many resources, could simply help identify IBM opportunities and convene the private sector to see if any parties would be willing to address the issue from their business perspective. In Ecuador, CARANA took this approach to encourage financing for SMEs in tourism, dairy and apparel value chains. The project introduced financial institutions to business owners, using the convening power it had gained through other good work and, as a result, a number of significant finance deals were executed. Without further direct participation of the donor. DFAT and ACIAR could tap their convening powers to catalyse IBM solutions for development challenges.
- **Serve as a Bridge to Existing Projects.** As a part of another donor consulting assignment, in 2012 CARANA conducted about 80 interviews with private sector companies, including financial institution and operating companies, throughout Sub-Saharan Africa. When these private sector companies were asked what they most wanted from donors, their response was not grants, technical assistance, nor financing, they wanted access to the thousands of firms and farms that donors worked with, which for them were the people with whom they could engage in business. This was particularly true for those companies seeking to enter a new market where they had fewer networks and partners to start doing business. DFAT and ACIAR have been working in agricultural development for many years and have a wealth of ‘assets’ in their knowledge of local food systems. Moreover, the projects that they manage work with agribusiness firms, cooperatives and other agricultural value chain actors that have often received assistance and been effectively selected for their relative capabilities. Providing banks, agribusinesses, and other parties with access to this pipeline of opportunities could probably help generate millions of dollars in additional investments and commercial sales opportunities.

- **Redirect Existing Projects.** Some projects have been designed in ways that will simply never be attuned to, nor able to work with the private sector. In some cases there may be a need to redesign the project in mid-course to account for the new directive to be market conscious and ready to collaborate with the private sector when the right opportunity arises. In other cases, the new objectives and approach could be so different from the original project design that it would be preferable to start with a new project. As the executing organisation, DFAT/ACIAR can choose to change a project scope if that will achieve the desired results.
- **Leverage Other Australian Government Programs.** DFAT is one of many Australian agencies engaged in international economic relations. There may be opportunities where an Australian Aid officer is approached by a company and could refer the company to another appropriate agency based on the company's needs. A good understanding of all the tools and mechanisms of the Australian government may be helpful for achieving development objectives without spending additional resources.
- **Collaborate with NGOs.** NGOs typically work with the poorest and most vulnerable communities and can be invaluable partners for governments and companies seeking to reach and impact these groups. NGOs can facilitate interactions with marginalized groups and can call upon their relationships and the trust they often have with the community to act as an honest broker. NGOs can use their knowledge of local contexts to advise partners on issues surrounding cultural appropriateness and the impact that resources may have on local markets. Additionally, NGOs can act as partners to deliver training, convene stakeholders for dialogue, and in some cases, can deliver services.
- **Support to Accelerate Research and Innovation.** Over the past decade there has been a renewed emphasis within the donor community on tackling global agricultural challenges through increased research and innovation. Donor programs have placed a significant emphasis on collaborative research programs which encompass many different forms of collaboration among all the actors, including: donors; research institutes; private sector companies; and beneficiary populations. Australia should continue its support of research and innovation for development, including finding ways that the private sector can play a role in the dissemination and commercialization of the research findings and innovations.

Practical steps for approaching PPP's and IBM based on international experiences were identified in study 2, an excerpt of which has been included in Appendix 6 for reference. In addition, study 1 identified how Australia could improve accountability and results measurement for PPP's and IBM's, which can be found in Appendix 7.

## 6.3 Capacity Building of ODA Officials

As described in Study 2, constructing inclusive PPPs requires skill on the part of the donor, the private partner(s), and very often a facilitator. Based on the experiences of other donors such as USAID, DFID, European agencies, and the relatively new development modality that this constitutes for Australian ODA agencies (confirmed by interviews with DFAT officials), the study team believes that it is fundamental to construct a capacity building program for forging partnerships. The following section provides recommendations on capacity building in agricultural development and outlines some of the key considerations required during its development.

## Sample Training Topics

- **Outlining the role of ODA officers.** While PPPs and IBMs in general can be useful, not every idea put forth by the business community will be a worthwhile partnership opportunity. There are a number of selection criteria for screening and evaluating potential projects, as outlined in Study 2. These selection criteria can include practicality, strategic fit with development priorities, additionality of the investment, positive impact on the agricultural system and incomes, sustainability, impact on the poor and others. Each of these areas is worthy of a full module and discussion. ODA officers should be fully trained on how they can solicit ideas, sift through prospects, improve promising prospects, strike a 'deal' and, later, manage the relationship. The important thing is to affirm and encourage officers in their role in this process and ensure that PPPs do not replace their importance and role, but rather make their jobs more interesting and meaningful.
- **Identifying high-potential opportunities.** As mentioned in the paragraph above, this is a critical role for ODA officers. Trainings and a good system need to be in place to be able to properly sift through potential PPP and IBM opportunities. It is critical to proactively solicit private sector input and suggestions on potential partnerships when alternative development objectives are being considered. The process of how to seek out private sector perspectives on a development-related sector, and assess the likelihood of investment, and in what capacity, requires certain tactical skills. There will be times when a private sector partnership opportunity emerges midway through program implementation and ODA officers can be trained to respond to these as well. For example, if the opportunity is promising, it may warrant a stand-alone PPP grant agreement, or for an existing project to adjust its scope of work to include the partnership. In other cases, a formal partnership may not be forged at all, but providing access to information or networks may be sufficient to help a business develop an inclusive concept. Of course, in some cases it is important to provide a prospective private sector partner with a simple 'no', which is preferable to no decision after lengthy discussions and delays. The worst case involves wasting both the company's and the donor officer's time when there is no real prospect of working together.
- **Finding common ground and win-win situations.** It will be important for donor agencies and private sector partners to identify common ground and win-win situations where both parties can align strategic goals and approaches in order to work productively together. Figure 3 summarises a strategic framework in which private partners and donor agencies can find common ground and align their objectives.





**Figure 3: Strategic Framework for Common Ground between Private Partners and Donor Agencies**

- **Recognising different vocabularies.** How development officers and private companies speak about agriculture is often very different. Key concepts such as return on investment, leverage and impact have different meanings for individuals investing public development funds versus those making business decisions. While many development officers have degrees in business or have had private sector experience, many could benefit from training in these concepts. The purpose of this training is not to frighten ODA officers away from participating in partnerships, but, to the contrary, to provide them with the useful tools they need to engage successfully in PPPs.
- **Recognising different investment and impact horizons.** The public and private sectors have different concepts and pressures when it comes to the amount of time and process it takes to make partnership decisions; neither is right or wrong, they are just different. In some cases, the government agency may want to adjust certain processes to be a better partner, and educating the private sector on how things are done inside a government agency can be helpful as well. But it is also important to recognise that donor agencies work according to program and procurement cycles, where there is generally a period of 6 months to 2 years in which development objectives and investment decisions are made, while the private sector tends to make decisions more quickly, and can also change its mind according to business requirements. Another common difference in timing is in the area of impact horizons. Development agencies, ironically, need to report annual results and often have a shorter timespan for obtaining the results (usually through the duration of a program), while private sector partners often make investment decisions based on the returns that will be achieved in 5, 10 or even 20 years.

There are many priority topics for PPP/IBM training for ODA officers, including:

- Opportunities in agriculture specific to the value chain
- Mechanisms for facilitating PPPs based on other donor experiences and successes
- Segmenting private sector partners
- Triangulating among financial and operating partners
- Access to finance instruments relevant to PPP programs
- Establishing partnership-specific M&E systems
- Utilising third-party facilitators to identify or manage partnerships.

A number of primers exist for facilitating PPPs; however, this study recommends that an Australian ODA-specific primer be developed based on the most recent donor learnings applied to Australia's interests, given the significance of the task at hand.

## 6.4 Change Management and Buy-In Considerations

Perhaps even more important than the PPP/IBM capacity building program itself, there are a number of key factors that can mean success or failure for the change management process for ODA adoption of PPPs. The following recommendations are based on lessons learnt by CARANA from similar capacity building experiences for USAID and host government development agencies; they

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<sup>69</sup> 'Community Investment', Rio Tinto, <http://www.riotinto.com/ironore/community-investment-9610.aspx>, p8.

are also based on a number of interviews conducted with DFAT/CSIRO/ACIAR staff as part of the research for these studies.

- **Ensure that government development officers are a part of the strategy.** It is important that both headquarters and field officers are part of the new approach to development and that it is not just a 'top down' program from Canberra. Development officers, by and large, are well-meaning and want development programs to succeed. However, they may be used to a particular way of doing development work and can be sceptical of new conceptual approaches and processes, both of which will need to be adjusted to more fully engage in PPPs. The study team found that an important part of this change process is to interview officers individually and in groups to solicit their views and ask for recommendations. This will not necessarily turn every officer into a 'believer', but it will go a long way to turn a highly sceptical person into one who will at least give this new way of doing business a chance.
- **Clearly demonstrate the experiences of other donors.** People are interested in hearing about how PPPs have actually worked in practice and they respect the experiences of similar donors. Showing how much of the world is turning to PPPs and IBMs as an integral part of their development strategies is helpful. As one interviewee explained, 'it is also critical to demonstrate the conceptual framework and theory of change behind the use of PPPs and IBMs as part of an A4T strategy that still seeks to reach the poor'. Development officers tend to be analytically oriented and require background information to begin to be convinced. They need to be convinced that PPPs are important because they achieve cost-effective, sustainable solutions and results. As far as possible, it is also useful to demonstrate how these approaches have been operationalised through procurement processes, M&E reporting systems, and the other operational processes, so that they can see how they might be realistically implemented in the Australian institutional ODA context.
- **Remind the audience that Australia has been working with the private sector for decades.** As touched on earlier in this study, Australian institutions have been partnering with the private sector for a long time. In some cases, it has been through export promotion programs and business linkages initiatives; in more recent years it has been through M4P and challenge grant programs that are built around partnering with the private sector. Moreover, interviews with DFAT and ACIAR officers revealed a number of partnerships that developed organically, not necessarily as part of a top-down strategy, but just because someone took the initiative to develop a partnership because it made sense. Australian ODA and its officers pride themselves on their practicality and can-do attitude, which is recognised worldwide. Using past and present examples of PPPs, successful and not, will be an important tool for any training or capacity building initiative.

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# Appendix 1 — Interviews

## Business Associations

IDC Executive	Mel Dunn	Chair, IDC Executive; General Manager, URS Australia
	Amy Stewart	Development Manager, URS Australia
SA Dairy Authority	John Crosby	General Manager
Agribusiness Association of Australia	Deb Baum	Executive Officer
Australian Industry Group	Lydia Morton	Senior Trade Adviser
Food Innovation Australia Ltd	Barry McGookin	General Manager, Innovation Capability and Skills

## International/Regional Institutions

Pacific Islands Trade and Investment Commission	Caleb Jarvis	Trade Commissioner
	Tim Martin	Executive Manager, Investment and Tourism
Asian Development Bank (Pacific Liaison and Coord. Office)	Laure Darcy	PSDI Adviser

## Government Agencies

DFAT	Jim Woodhill	Principal Sector Specialist
	Darrell Hawkins	Senior Officer
	Kane Preston-Stanley	Agricultural Productivity and Food Security
	Simon Cramp	Director, Private Sector Development
	Timothy Kendall	Business and Government Liaison Section
ACIAR	Anh-Thu Nguyen	
	Melissa Wood	General Manager, Global Programs
	John Dixon	Research Program Manager/Senior Advisor, Cropping Systems and

		Economics
	Simon Hearn	Principal Adviser
AgWest Food Security	Mar Hube	Manager

### Business Councils

Australia PNG Business Council	Frank Yourn	Executive Director (of all three business councils)
Australia Fiji Business Council		
Australia Pacific Islands Business Council		
Australia Indonesia Business Council	Nathan Gray	National Vice-President
	Chris Barnes	Former National President
Australian Food and Grocery Council (AFGC)	Michael Rogers	Manager, Agribusiness Forum

### Private Sector

Australian Livestock Exports	Rod Maclure	General Manager
ANZ Bank	Kim Martina	Business Manager, Pacific ANZ
Westpac Bank	Greg Pawson	General Manager, Westpac Pacific
Queen Fine Foods	Sam Himstedt	Joint Owner
East-West Seed Philippines	Roberto Acosto	Technology Transfer Manager
George Weston Foods	Robyn Murray	Director Food Tech. and Quality
Hardin & Associates	John Hardin	Principal

### NGO Sector

ACFID	Beth Sargent	Development Practice Adviser
CARE Australia	Paul Kelly	Principal Executive
Foundation for Development Cooperation	Steven Taylor	Executive Governor/Deputy Chairman

Research institutions		
ANU (Crawford School)	Ron Duncan	Emeritus Professor
	Bob Warner	Director, PRP
Institute of International Trade, University of Adelaide	Jim Redden	Senior Program Manager
CSIRO	Michaela Cosjin	International Development and Research Officer
	Brian Keating	Science Director of Agriculture Flagship





# Appendix 2 – Global Trends in Aid for Trade (A4T), PPPs and IBMs (exceprts from Study 1 and 2)

## Global Trends in Aid for Trade

Some of the global A4T trends that were identified in Study 1 include:

- **A4T has generally been growing over the past decade**, although commitments dipped slightly from 2010 to 2011, before again increasing in 2012 (even as actual A4T *disbursements* continued to grow). Trade-related aid disbursements quadrupled globally from about US\$10 billion in 2002 to nearly US\$40 billion in 2012.
- Among donors, **Japan is the largest bilateral A4T donor**, with US\$6.4 billion in disbursements in 2011 (the latest year for which country-level data are available). The next-largest A4T donors are the United States, the World Bank, Germany and EU institutions. In 2011, Australia's A4T commitments stood at US\$585 million.
- Regionally, **Asia received the largest share of A4T disbursements** in 2012, with Africa a close second, accounting for 38% and 37%, respectively. Within Asia, the top country recipients in 2011 were India (US\$2.2 billion received in disbursements in 2011), Vietnam (US\$2.1 billion), and Indonesia (US\$860 million).
- **Among productive sectors, agriculture ranked first in 2011**, at US\$6 billion or 15% of all A4T flows, a share that has declined from 20% in 2009 and 2010.
- According to OECD A4T data, **agriculture is a significant component of A4T** as it accounts for about 15% of all A4T spending. An important but unquantifiable share of the transport and energy-related assistance may also have assisted the agriculture sector—either as improved roads, ports and bridges—as these improvements may have allowed producers to get their goods to market more quickly or as more reliable energy enabled them to develop cold storage facilities to reduce losses and improve per-unit sales pricing. Efficient, rapid, and reliable transportation is key to increasing farmers' exports and their competitiveness, while energy and water supplies are critical drivers of productivity and loss reduction in agriculture.
- In terms of types of flows, **the bulk of A4T funding in agriculture has been in the form of grants**; loans make up about a fifth.
- Two infrastructure sectors, **transport and energy, have consistently led among target sectors**, accounting for US\$12 billion and US\$9.2 billion of total A4T disbursements in 2012, respectively.

## Global Trends in PPP and IBM

Some of the global trends and assumptions underpinning PPPs and IBMs identified in Study 2 are the following:

- **Risk, and hence donor requirements, vary by market and geographical location.** This is consistent with a variety of donor experiences. For example, the German Society for International Cooperation (GIZ) reported that in its experience, private sector engagement in Asia is less risky than in Africa. Consequently, it requires a much larger financial commitment from private sector partners in Asia than in Africa.

- ***There is a large gap between available private capital resources and financeable projects.***  
A common complaint among funds and investors is that they lack a pipeline of projects, despite their eagerness to invest in certain regions and sectors, such as agriculture. Projects originating in larger, international companies often reflect a lack of good understanding as to what it takes to operate in a developing country context, while indigenous companies are not well developed or do not reach the socio-economic targets required by impact investors. Smaller, indigenous companies proposing projects often lack a good understanding of what it would take to be more competitive in larger external or regional markets. Donors and development practitioners can play a role in bridging this gap separating projects and financing.
- ***Research and innovation are critical to reaching sustainable development objectives, and both public and private sector partners have a role to play in advancing this agenda.***  
Donors have begun to leverage the knowledge, skills, and expertise of research institutions in order to tackle global agricultural challenges such as rising food insecurity, malnutrition, drought, and climate change. Donor-funded agricultural research programs have placed a significant emphasis on collaborative research programs which encompass many different forms of collaboration among all the actors, including: donors; research institutes; private sector companies; and beneficiary populations. Private sector actors can play key roles not only in funding parts of the research, but also in the dissemination and commercialization of the research findings and innovations.
- ***Foreign direct investment (FDI) flows, and thus private sector partners, vary according to the region of the world where PPPs are operating.*** In Africa, partners primarily consist of a finite number of large multi-national corporations and larger domestic firms; in Asia, there is a wider set of potential private sector actors. These dynamics also have implications for the identification of and structuring of PPPs.
- ***Consumer interest in helping 'people' and the 'planet' is driving private sector interest in investing in and helping the poor.*** According to a study by Deloitte on Consumer 2020 trends, consumer values regarding sustainability are shaping their purchasing decisions. In one survey, 95% of American consumers said they would be willing to 'buy green', and more than one-third said that they were more likely to buy sustainable products<sup>70</sup>. In Europe this movement is even more mature and is even becoming a factor in developing countries themselves.
- ***Populations in developing countries present new opportunities for sourcing and expanding supply chains and represent an enormous, and often untapped, consumer base.*** The global reach of multinational corporations has been growing over recent years and consequently, international supply chains have grown also. Developing economies have become more closely connected and international trade has increased<sup>71</sup>. According to the U.S. Overseas Private Investment Corporation (OPIC), there has been a notable increase in corporate clients seeking to reach developing country populations as both suppliers and consumers.
- ***Successful Inclusive Business Models (IBMs) often target the whole of the economic pyramid rather than just the base of the pyramid (BOP).*** By involving actors at different stages of the value chain or pyramid, companies can engage low-income producers as a part of their supply base while also mitigating the risks of relying solely on BOP suppliers<sup>72</sup>.

<sup>70</sup> *Consumer 2020: Reading the Signs*, Rep. No. 100191, Deloitte Global Services, London, 2011.

<sup>71</sup> Harter et al., p. 15.

<sup>72</sup> Beth Jenkins, Eriko Ishikawa, Alexis Geaneotes and John Paul, *Inclusive Business: Expanding Opportunity and Access at the Base of the Pyramid*, Report of International Finance Corporation conference, held 7–8 October 2010, Washington DC.

- **Donors have shifted toward facilitating inclusive systems.** Donors have made a conscious shift in their economic programming toward ‘inclusive’ systems (market systems and value chains). The term ‘**inclusive**’, as applied to market systems and value chains, indicates that choices and opportunities, as well as benefits, are extended to microenterprises, smallholders, and low-income individuals that participate and operate within these systems. Inclusive systems generally benefit large numbers of low-income households.
- **Many companies fail to meet the inclusive business criteria of donors.** In 2012, only 6 of the 22 deals that the Asian Development Bank’s (ADB) private sector department approved were qualified as inclusive businesses. The bank reported that companies did not submit business plans that were adequately suited to poor economies and many of the proposals failed to meet the bank’s inclusive business criteria.
- **Inclusive businesses work with the BOP; however, evidence suggests that they only reach the top segment of that group and the poorest of the poor still remain unreached.** The U.K. Department for International Development (DFID) Business Innovation Facility reports that a number of the firms it supports are reaching populations living both above and below the US\$2/day threshold. This is especially prevalent in IBMs that are working with smallholder farmers; however, it is more difficult to engage this group as consumers. Many inclusive businesses prefer to engage the ‘next billion up’—the segment of the poor (as producers and consumers) that are above the poverty line and living on US\$3–4 a day. This segment typically has access to capital and assets; however, this segment of the poor is still unable to benefit from their assets productively because of a lack of access to markets<sup>73</sup>.
- **Reaching scale has remained a challenge for IBMs, even for projects developed by large, multinational firms.** A wide range of firms are actively implementing IBMs around the world, from large multinationals to developing country firms; however, few have managed to achieve optimal scale—a critical success factor for IBMs. According to the International Finance Corporation (IFC) and other leading sources, scale in IBMs represents population reach, geographic expansion, and sales or volume, depending on the business model. From the perspective of the private sector, scaling demonstrates that an IBM is commercially viable and helps ensure an adequate return on investment. There is no clear explanation as to why scale continues to elude IBMs; however, recent experience has shown that the following reasons may impede scale: a lack of access to growth capital, margins may be too thin for sufficient profit, constraints in the regulatory environment, lack of market demand, or limited economies of scale for the business model.<sup>74</sup>

<sup>73</sup> Joachim von Braun and Franz Gatzweiler, *Marginality: Addressing the Nexus of Poverty, Exclusion and Ecology*, Rep. No. 978-94-007-7060-7, New York, 2014.

<sup>74</sup> Newnham, Jack (2013). Scaling Inclusive Business. Inside Inclusive Business, Issue 10.

## Appendix 3 — Analysis of Key Programmatic Experiences in PPPs, A4T and IBMs

The study team consulted with Department of Foreign Affairs and Trade (DFAT) experts and other Australian ODA officials to review the experiences of a select number of programs most relevant to the technical areas of this study.

### Market Development Facility (MDF)

The Market Development Facility (MDF), a DFAT-funded private sector development program that began in 2011 in Fiji, now operates in Timor-Leste and Pakistan and runs through 2017. The goal of the facility is to create employment and income earning opportunities for both the rural and urban poor. Utilising an M4P methodology, MDF addresses constraints to the effective operation of markets and works to improve the way these markets serve and integrate the poor. In particular, the MDF has sought to invest in sectors that present the greatest opportunities for growth and that benefit the largest numbers of poor workers and consumers<sup>75</sup>. To stimulate the necessary investments, innovations and market reforms, MDF enters into partnerships with strategically positioned businesses and public sector organisations in its target countries. Each partnership has its own set of tailored activities, designed to “reduce a specific systemic constraint to growth in a specific sector of the economy of a particular country”<sup>76</sup>.

The MDF has had some preliminary success in generating higher incomes and additional employment. The preliminary results projections—as of February 2014—are net additional income of US\$7.6 million and net additional employment of 362 people<sup>77</sup>. The employment impact has so far been relatively modest. These impact numbers are likely to grow as the MDF’s portfolio of partners grows.

The desired outcomes of the MDF are specifically framed around pro-poor, sustainable, and inclusive interventions—poor and marginalised men and women benefit from employment and increased incomes resulting from the market-driven development of sector and industry competitiveness<sup>78</sup>. This increased competitiveness is intended to be stimulated by “improvements in the business models, marketing strategies, supply chain management, technical capacities, regulatory procedures, [and] research capacities”<sup>79</sup>.

The MDF design requires flexibility and responsiveness to ensure that the “wider public interest is served” (i.e., the poor) rather than just the narrow interests of potential private sector partners<sup>80</sup>. Additionally, MDF is required to ensure that it maintains up-to-date social and environmental analyses in order so that the program remains informed of the necessary pro-poor and inclusiveness considerations when it selects partners and interventions.

Although only recently launched in Timor-Leste and Pakistan, there are some **preliminary findings**, including:

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<sup>75</sup> *Annual Aggregation of Results (2013)*, Market Development Facility, Cardno Emerging Markets, February 2014, p7.

<sup>76</sup> *Ibid.*, p6.

<sup>77</sup> *Ibid.*, p18.

<sup>78</sup> *Market Development Facility: Project Design Document*, AusAID, April 2010, pp10-11.

<sup>79</sup> p1-2, *Market Development Facility First Annual Strategic Plan: Putting the Facility on the Road* (Annual Strategic Plan 2011-2012), Cardno Emerging Markets, November 2011, pp1-2.

<sup>80</sup> *Annual Aggregation of Results (2013)*, Market Development Facility, Cardno Emerging Markets, February 2014, pp20-21.

- MDF has 15 partnerships across Fiji and Timor-Leste which have resulted in 18 new innovations in 4 sectors, with most being *first of their kind* investments for these countries, such as the introduction of new agricultural inputs, new tourism products, private sector funded agricultural extension services, and local value-addition through processing and marketing<sup>81</sup>.
- The project has been successful in leveraging additional private sector resources—with roughly US\$860,000, the 18 partnerships have leveraged more than US\$1.5 million.
- Employment generation as a result of project activities has been low (only 17 jobs were created in 2013), however, the project is more geared toward increasing the incomes of current members of the value chain and findings ways to improve their integration into markets.

## Australia-Indonesia Partnership for Rural Economic Development (AIPD-Rural)

The Australia-Indonesia Partnership for Rural Economic Development (AIPD-Rural) is a rural development program that adopts a market-led approach to the development of agriculture systems. The project identifies agricultural commodity markets that are most beneficial to poor Indonesian farmers, and works with stakeholders in the public and private sectors that contribute to or participate in these markets. The ultimate aim is to increase the incomes of poor Indonesian farmers.

As with the MDF, AIPD-Rural also adopts an M4P approach, with an emphasis on overcoming “systemic market failures” and creating sustainability beyond the end of the program. In working with poor Indonesian farmers, it focuses its efforts on fostering agricultural value chains, improving irrigation, encouraging entrepreneurial innovation and facilitating financing.

In investigating agribusiness development opportunities in Eastern Indonesia, the program was designed to search for ‘win-win situations’<sup>82</sup>. It was prescribed that the program “should be tough and flexible at the same time: flexible in terms of the content of partnership (as long as there is a win-win situation), but tough when it comes to meeting the conditions of the partnership”<sup>83</sup>.

The AIPD-Rural program adopted an area assessment strategy, broadly comprising the following steps<sup>84</sup>:

- Value chain and stakeholder mapping
- Problem analysis: poverty, low productivity, value loss and the vacuum
- Sector assessment: what sectors benefit from pro-poor growth?
- Identification of local opportunities: where are the opportunities for pro-poor growth?
- Public sector/policy analysis
- Identification of farmer-to-farmer learning opportunities and coaching needs.

In creating PPPs, the challenge facing AIPD-Rural was defined as follows:

*The challenge... is to find the right actors [the right combination of private and public sector partners] that have the incentive and the motivation to get interested in a ‘rural adventure’. It is about trying to find the system actor with the strongest incentive, the strongest capacity, who needs to make the smallest change step, and hence the lightest developmental push, to make the biggest change. This requires a creative, inquisitive mind, closeness to the sector, flexibility and negotiating*

<sup>81</sup> Ibid., p16.

<sup>82</sup> AIPD-Rural Summary Draft Design Document, AusAID, 2012, p4.

<sup>83</sup> Ibid.

<sup>84</sup> Ibid., p6.

*skills. AIPD-Rural needs to be... clear on its strategy, but open [and] 'opportunity driven' in terms of considering potential solutions to address it*<sup>85</sup>.

Although the AIPD-Rural program is still early in its program lifecycle, some key lessons can be gleaned from its parent program, the Australia-Indonesia Partnership for Decentralisation:

- Program timeframes need to be lengthy for interventions to reach a 'critical mass'<sup>86</sup> and to align with local financial management cycles and budgetary planning.
- There is often initial district and provincial government resistance to adopting a PPP model, however, this resistance can be addressed by ensuring that public partners have been consulted and kept abreast of the work of private sector partners.
- The program confirmed the clear advantages of forging genuine partnerships that continuously reaffirm the goals of the partners, rather than adopting a supervisor-contractor type of relationship that relies exclusively upon contractual obligations<sup>87</sup>.

An additional component has been added The Applied Research and Innovation Systems in Agriculture project (ARISA). This sub-project of AIPD-R, a partnership between DFAT and CSIRO, focuses on how to link and catalyse the innovation process between research agencies and the private sector, as the main challenge is less with the generation of good ideas – these exist in significant numbers in the research institutions (RIs) –but rather more with dissemination. This is due largely to an absence of incentives for commercialising research, the lack of match-making capability between RIs and industry, and relatively few examples, models or mechanisms for effective public-private collaboration<sup>88</sup>.

### **Australia-Indonesia Partnership for Promoting Rural Income through Support for Markets in Agriculture**

The Australia-Indonesia Partnership for Promoting Rural Income through Support for Markets in Agriculture (AIP-PRISMA) is a subset of the AIPD-Rural program and is very early in its implementation; there are few lessons learnt to date. The project uses a matching grant approach, aims to stimulate PPPs that will improve the competitiveness of district agricultural value chains, and go/no-go decisions about sub-project grants are based on input from both district governments and the private sector<sup>89</sup>.

### **Cambodian Agricultural Value Chain Program (CAVAC)**

The Cambodian Agricultural Value Chain Program (CAVAC) seeks to increase farmer incomes by improving the value and volumes of their agricultural production through increased access to agricultural inputs, access to markets and better market information. CAVAC identifies innovations which, with the support of public and private partners, can overcome inefficiencies in the agricultural value chains that most impact impoverished Cambodian farmers. The program operates in four main areas—agribusiness, water management and irrigation, research and agricultural extension, and the business enabling environment.

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<sup>85</sup> Ibid., p4.

<sup>86</sup> *State of the Program Report (June 2013)*, The Australia Indonesia Partnership for Decentralisation, Cardno Emerging Markets, June 2013, p27.

<sup>87</sup> *AIPD-Rural Summary Draft Design Document*, AusAID, 2012, pp27-30, 37.

<sup>88</sup> *The Applied Research and Innovation Systems in Agriculture project (ARISA) - Draft Design Document*, Version 3, CSIRO, 2014

<sup>89</sup> *AIPD-Rural AIP-PRISMA Pre-bid Industry Briefing*, DFAT, November 2013.

CAVAC has noted the importance of public-private dialogue in creating supportive business enabling environments and the importance of promoting demand-driven interventions ('market pull') rather than supply-side ('producer-push') interventions<sup>90</sup>. The project takes into account the subsistence nature of farming in Cambodia that has led smallholders to be extremely risk averse and wary of adopting value-added activities unless they can be assured of immediate pay-offs. It also seeks to account for the fact that smallholder associations in Cambodia are relatively weak and small businesses are under-represented in industry organisations.

The midterm review of the program, conducted in 2012, concluded that CAVAC was already demonstrating promising results as it was 'likely to exceed its objectives and will represent very good value for money for AusAID, with a projected benefit-to-cost ratio of seven to one'<sup>91</sup>. Additionally, the project is expected to generate an additional A\$40 million in net income as a result of project interventions, to benefit over 230,000 smallholder farmers. New irrigation systems will serve 32,000 hectares of land and are expected to increase paddy production by 200,000 tonnes annually. Project activities that are aimed at improving farming practices and inputs are expected to raise farmers' yields by at least 10%<sup>92</sup>.

CAVAC is also using an **IBM approach** to facilitate value chain development and to overcome market failures in agriculture. For example, the project is supporting two major fertiliser companies in Cambodia to extend their coverage to include the poorest rice farmers in the country. In order for fertiliser to be useful and effective, farmers need access to information that is specific to their environmental conditions and farming practices. CAVAC is supporting fertiliser businesses and retailers to provide quality information through embedded technical assistance—sustainably driven by their own profit-incentive—which in turn encourages farmers (their consumers) to purchase more appropriate fertiliser and to use it more effectively.

The Australian aid community's previous approach to closing this information gap was to provide support to government-led agricultural extension programs; however, this was found to be expensive, reaching only a small proportion of farmers<sup>93</sup>. It is estimated that CAVAC's work with fertiliser companies will ultimately—if indirectly—support approximately half of all farmers in Cambodia, and on an activity budget of less than A\$500,000<sup>94</sup>. This is an excellent and innovative example of what Australian IBMs are able to accomplish and illustrates how private solutions can be market-driven, cost-effective and often more sustainable than some public-sector led implementation alternatives.

## Enterprise Challenge Fund (ECF)

The Enterprise Challenge Fund (ECF) was a flagship program that made small, competitive grants to SMEs in partner countries across Southeast Asia and the Pacific from 2007 to 2013. Its aim was to create pro-poor income generating opportunities, and improve access to goods and services. The project's approach was to target segments of the private sector that could meaningfully contribute to poverty alleviation, providing successful bidders with public funds that would help them to mitigate market risk and overcome market failures, expand their operations, and engage in business innovation.

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<sup>90</sup> Cambodian Agricultural Value Chain Program: Program Design Document, December 2008, p23.

<sup>91</sup> Cambodian Agricultural Value Chain Programme: Mid-term Review, The Springfield Center, May 2012, Summary.

<sup>92</sup> Ibid.

<sup>93</sup> The Role of the Private Sector in Supporting Economic Growth and Reducing Poverty in the Indo-Pacific Region, Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade, DFAT, May 2014, Attachment C, p4.

<sup>94</sup> Ibid.

The ECF targeted initiatives that were considered pro-poor, with a particular focus on increasing the incomes of poor women. Results of surveys conducted under the ECF found that as a baseline, most beneficiaries received incomes lower than their respective national poverty lines, were highly vulnerable to food insecurity, and lacked access to basic utilities, transportation services, and other important markets. As a result of the project, the poor benefited not via direct partnerships, but rather through employment opportunities provided by partner firms or access to new markets as a result of the expansion of business activities carried out by partner firms.

The project encountered more complex challenges when working with partners in the Pacific, where the project faced supply chain challenges and minimal support from supply chain intermediaries<sup>95</sup>. Value chains were weaker or non-existent in that region and, therefore, programmatic costs were higher. For example, the actual cost per beneficiary in the Pacific was over A\$1600 per person, compared to A\$49 per person in Asia (the original estimate had been A\$123 per person in the Pacific, versus A\$120 per person in Asia)<sup>96</sup>. In short, it proved much harder and more expensive to reach and include the poor in locations where businesses and entrepreneurial activities were limited.

The ECF Project Completion Report identified a number of *findings for future challenge funds*, including the following:

- More well-developed countries—mostly those in Asia—had private sectors that were more capable of utilising their funds appropriately, whereas less-developed countries—mostly those in the Pacific—struggled to utilise the funds effectively. The report concluded that ‘[a]n ECF is not an appropriate instrument for the Pacific due to issues of scale, limited pool of businesses that would justify the launch of a challenge fund, and a need for business support which the traditional challenge fund model does not supply’.
- The ECF model ‘only addresse[d] the access to finance impediment to a more vibrant, productive and beneficial private sector... but not the other factors such as the need for business support’<sup>97</sup>, highlighting the importance of designing projects to simultaneously address multiple obstacles (policy, technical, operational) facing the private sector beyond only financial constraints.
- There was no strategic framework guiding the ECF and no clear understanding of what ‘challenge’ the ECF was seeking to address. This resulted in a broad project portfolio that could have had greater impact if there had been a more specific focus on particular types of innovations or sectors<sup>98</sup>.
- The ECF estimated that it would take until 2015 for the full value of the program to reach the poor in the form of increased incomes and reduced costs—2 years beyond project completion<sup>99</sup>. Following monitoring and evaluation best practice, the project is scheduled to be evaluated again in 2015 with the aim of feeding the lessons learnt from ECF into future programs.

The ECF provided the following *lessons learnt* for PPPs and IBMs:

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<sup>95</sup> Ibid., p29.

<sup>96</sup> Ibid.

<sup>97</sup> *Enterprise Challenge Fund for the Pacific and South-East Asia: Project Completion Report*, Coffey International Development, September 2013, p1.

<sup>98</sup> Ibid., p46.

<sup>99</sup> Ibid, p1.



- Given the challenges of implementing the ECF successfully in the less developed countries of the Pacific, future funds in that region should be accompanied by greater technical assistance to ensure that resources are used effectively.
- While ECF had minimal impact on employment, the program was successful in integrating the poor into stronger value chains and providing them with access to markets—an estimated 4,300 people supplied goods and services to markets for the first time, or to value chains with superior prices or greater logistical support<sup>100</sup>.
- The poor also benefitted from access to markets as *customers*, with eight of the ECF-funded partners providing goods or services to poor or rural communities. This category of benefits was much more successful in the Asian countries of operation, as a result of their larger populations, and provided opportunities for economies of scale<sup>101</sup>.
- Evidence from the ECF underscores the importance of designing more specific challenge funds (by sector or to solve a particular challenge) which can better respond to targeted donor priorities and are easier to manage<sup>102</sup>.

The study team's international research and implementation experience suggests that private sector partnership challenge grant programs in less developed countries and regions can still be effective, but require special measures, such as providing more hands-on efforts to assist grantees with grant applications and business plans, reducing the cost-share requirements for grantees compared with more advanced countries/regions, and deepening the capacity building and technical assistance efforts in the project. On a per-beneficiary basis, projects in the Pacific are likely to remain more expensive and to require more time to engender transformative impact. These elements need to be incorporated explicitly in both project design and implementation.

### Pacific Horticultural and Agricultural Market Access Program (PHAMA)

The Pacific Horticultural and Agricultural Market Access (PHAMA) program aims to improve economic growth and livelihoods in Pacific countries by expanding Pacific horticultural and agricultural exports into international markets. PHAMA is specifically designed to provide targeted assistance to countries in the Pacific to navigate and manage the regulations surrounding the exportation of primary products. This support includes new market access for new products as well as managing any issues associated with maintaining existing trade. A major focus of PHAMA relates to quarantine requirements; however, the program also helps with other export issues, such as ensuring compliance with international food safety standards and providing market research and market development activities<sup>103</sup>. The program was initially implemented in Samoa, Tonga, Solomon Islands, Vanuatu, and Fiji. The program consists of two major components:

- Addressing market access priorities identified by national private-public sector partnerships through research or technical assistance
- Strengthening the capability of the Secretariat of the Pacific Community to improve its engagement in regional agriculture and forestry issues.

Technical **lessons learnt** from PHAMA suggest the importance of taking a proactive approach in managing the nature of the interaction between private and public sectors in developing countries; this is because programs containing such a strong PPP element inevitably lead to some 'exposure of

<sup>100</sup> Ibid., p23.

<sup>101</sup> Ibid., p25.

<sup>102</sup> *Enterprise Challenge Fund for the Pacific and South-East Asia: Project Completion Report*, Coffey International Development, September 2013, p46.

<sup>103</sup> See: 'About Us', PHAMA, <http://www.phama.com.au/AboutPHAMA.aspx>.

government officials to uncomfortable “pressure” from the private sector<sup>104</sup>. When projects require close collaboration between the public and private sectors, active facilitation is required to ensure interactions are productive and effective.

### **Pacific Agribusiness Research for Development Initiative (PARDI)**

Significant challenges face Pacific island countries (PICs) in improving livelihoods and overcoming poverty - in particular, food and fuel price surges in 2008, the impact of the global economic crisis, a number of natural disasters, difficulties maintaining infrastructure and the negative effects of climate change. PICs and international agencies acknowledge that the way to meet many of these challenges is to improve competitiveness of industries and thus provide a platform for stronger economic growth. ACIAR's Pacific Agribusiness Research for Development Initiative (PARDI) – an offshoot of the PHAMA project – will work to improve marketing opportunities and stimulate the growth of agribusinesses in the Pacific. This \$10 million, four year program will study issues affecting food production and agricultural sector development, including isolation from key growth markets and limited coordination of supply chains, with a specific focus on the development of high-value agricultural, fisheries and forestry products in Solomon Islands, Vanuatu and Fiji, with expansion into Tonga, Samoa and Kiribati.<sup>105</sup>

### **Mahogany and teak furniture: action research to improve value chain efficiency and enhance livelihoods**

Jepara in Java has a long tradition of high-quality furniture making, coupled with ready access to high quality teak. With the adoption of environmentally and socially sound practices, Jepara could be a strong competitor in international markets. However, inefficiencies throughout the value chain currently result in plantation over-harvesting, leading to poor incentives for producers and misuse of resources.

This project concluded in 2013 and had a mandate to improve the value chain for mahogany and teak furniture enterprises in Jepara, specifically by enhancing the structure and function of the furniture industry to benefit small-scale furniture producers, helping them and their organisations to make improvements to marketing, and monitoring changes regarding the effects and early acceptance of project innovations. Producers were to benefit from project findings that identify inefficiencies of supply and define the value chains that improve efficiency and strengthen the furniture industry.

The project team also devised strategies and actions to strengthen market engagement and positioning, leading to enhanced value addition and capture of higher prices. Positive impacts were projected to arise from improved value-chain efficiency, security for over 15,000 furniture enterprises (177,000 jobs) and enhanced incomes for these producers while giving them and their organisations a greater role in the value chains. The project worked in close coordination with another ACIAR-CIFOR project that focuses on improving the livelihoods of tree growers<sup>106</sup>.

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<sup>104</sup> *Pacific Horticultural and Agricultural Market Access Program: Six Monthly Progress Report (July – Dec 2011)*, URS, December 2011, p52.

<sup>105</sup> See: 'Pacific Agribusiness Research for Development Initiative,' ACIAR, <http://aciarc.gov.au/news-and-media/pacific-agribusiness-research-development-initiative>.

<sup>106</sup> Australian Centre for International Agricultural Research. Final Report: Mahogany and teak furniture: action research to improve value chain efficiency and enhance livelihoods. Canberra: 2013.

## Appendix 4 – International Donor Support for Agricultural Research

International donor support for agricultural research and innovation has expanded and contracted over the past three decades. Historically, donors have provided significant resources to develop national agricultural research systems, train scientific personnel at universities and research institutions, and to adapt know-how and technology to developing country contexts. However, most donors scaled back their funding for both agricultural development and agricultural research in the 1980s and 1990s, only to see a strong return to the sector in the early 2000s. This renewed focus was primarily led by the **Bill and Melinda Gates Foundation**, which invested 40% of its entire portfolio on African agriculture and agricultural research and development starting in 2005. Beyond the sheer size of its financial commitment to the sector, the Foundation has influenced the global agricultural research agenda by bringing widespread attention to the sector, convening other donors to co-invest in innovative initiatives, and by diversifying its investments into established research areas (improving yields and productivity) and piloting new and innovative initiatives (biofortification).<sup>107</sup>

The United States' renewed emphasis on agriculture and agricultural research began in 2002, calling for a renewed focus and prioritization of the sector. The **United States Agency for International Development** recognized the ineffectiveness of previous efforts – mostly project-driven, one-off initiatives – and the need to move toward strategic interventions at the policy level and to build institutional capacity. Under *the Feed the Future initiative*, USAID partnered with other US agencies (the U.S. Department of Agriculture, the Board for International Food and Agriculture Development and the Association of Public and Land Grant Universities) to develop a new strategy for agricultural research, which focuses on three primary areas:

1. **Improving productivity** through research to reduce constraints to production, increasing yields for major crops, and improving management practices;
2. **Transforming key production systems** through sustainable intensification in poor areas, integrating advances in soil fertility, agronomy, animal science, water management, market access, policies, and nutrition; and
3. **Advancing food safety and nutrition** by improving food diversity as well as access to and availability of nutritious foods, and reducing post-harvest losses and contamination.<sup>108</sup>

USAID's research strategy "emphasizes a new paradigm of sustainable intensification to catalyze agriculture-led economic growth by focusing on environmentally-sustainable productivity gains through research that is purpose-driven and impact-oriented, and that operates in close coordination with deployment of research outputs through extension, education, evaluation and feedback at the individual country level."<sup>109</sup> USAID's agricultural research activities are conducted through partnerships with other U.S. Government agencies, the Consultative Group on International Agricultural Research (CGIAR), university programs including the Collaborative Research Support

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<sup>107</sup> Spielman, David. Changing Donor Priorities and Strategies for Agricultural R&D in Developing Countries: Evidence from Africa. Prepared for the ASTI-IFPRI/FARA Conference: Conference Working Paper 8, 2011.

<sup>108</sup> Feed the Future: Global Food Security Research Strategy. Rep. Washington, DC: United States Agency for International Development, May 2011.

<sup>109</sup> Ibid.

Programs, developing country universities and institutions, the private sector, NGOs and other research organizations.<sup>110</sup>

The **United Kingdom's Department for International Development (DFID)** supports numerous programs and projects designed to improve access to knowledge and technology to further sustainable development and poverty reduction. With a specific focus on the agriculture and health sectors, DFID's *2005 Research Framework Strategy* prioritized knowledge management and broader dissemination of research results, underlining the need for a better understanding of the impact of research. Over the past decade, funding for agricultural research has more than doubled, and DFID recently committed £350 million to this field for the 2010-2015 period.<sup>111</sup> These resources are intended to be used to test new ways to encourage beneficiaries to adopt new technologies or practices, to promote advanced research in UK universities and research institutions, and to support the work of CGIAR. Similar to USAID, DFID's research work is complemented by partnerships with international universities, UK research councils and foundation, UK government departments and other international agencies. DFID focuses its partnerships with the private sector on product development.<sup>112</sup>

Switzerland has a long history of promoting research in and with developing countries. For over 30 years, research and innovation have been a key priority for Switzerland's development agenda – currently, the **Swiss Agency for Development and Cooperation (SDC)** invests around CHF 50 million annually in research and development initiatives. Agriculture and food security are priority sectors for the SDCs research programs, and the largest tranche of their CHF 50 million research budget is channeled to CGIAR to support agricultural research. A new initiative, the Swiss Programme for Research on Global Issues for Development (r4d programme) is being implemented by the SDC and the Swiss National Science Foundation (SNSF). This broad program is designed to undertake relevant research to solve global problems in developing countries. Of the five thematic modules for research, one specifically focuses on innovation for agriculture and food security. The program has a budget of CHF 97.6 million for the duration of the program, 2012 to 2022.<sup>113</sup>

**Canada's International Development Research Centre (IDRC)** was established in 1970 with the mandate to encourage and support researchers and innovators in developing countries to find practical, sustainable solutions to their social, economic, and environmental challenges. The IDRC works extensively with partners – other donors, governments, or the private sector – in order to increase the resources devoted to developing country research. Agriculture is a priority for the IDRC and it has launched the Canadian International Food Security Research Fund that supports a wide range of research initiatives intending to solve food security challenges, including: (1) systems that reduce dependence on high energy-use agriculture; (2) the use of underutilized species; (3) utilizing Canada's expertise in biotechnology to improve crops and for new livestock vaccines; (4) increasing the nutritional value of crops to combat malnutrition; and (5) rehabilitation of degraded soil and soil

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<sup>110</sup> "Investing in Agricultural Research and Development." United States Agency for International Development, Web. 07 August 2014. <<http://www.usaid.gov/what-we-do/agriculture-and-food-security/investing-agricultural-research-and-development>>

<sup>111</sup> Spielman, David. Changing Donor Priorities and Strategies for Agricultural R&D in Developing Countries: Evidence from Africa. Prepared for the ASTI-IFPRI/FARA Conference: Conference Working Paper 8, 2011.

<sup>112</sup> "Research at DFID." United Kingdom's Department for International Development. Web. 07 August 2014. <<https://www.gov.uk/government/organisations/departement-for-international-development/about/research>>

<sup>113</sup> "Research for Development." Swiss Agency for Development and Cooperation. Web. 07 August 2014. <<http://www.r4d.ch/E/Pages/home.aspx>>

management. This five-year, \$62 million project provides support for partnerships between Canadian research organizations and developing countries research institutions.<sup>114</sup>

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<sup>114</sup> "Canadian International Food Security Research Fund." International Development Research Centre. Web. 07 August 2014.  
<[http://www.idrc.ca/EN/Programs/Agriculture\\_and\\_the\\_Environment/Canadian\\_International\\_Food\\_Security\\_Research\\_Fund/Pages/ProjectsList.aspx](http://www.idrc.ca/EN/Programs/Agriculture_and_the_Environment/Canadian_International_Food_Security_Research_Fund/Pages/ProjectsList.aspx)>



## Appendix 5 — Relevant Australian Bilateral/Multilateral Programs (DFAT and ACIAR)

*\* Loans amounts are for total initiative funding and duration—it is unclear what proportion is Australian funding; sometimes it is unclear how much multilateral aid is comprised of loans or grants, I have always assumed a loan; available figures are variously for 2011-12, 2012-13*

Name	Location	Partnering Donor/s	Pte Sector Dev	Ag/Rural Dev	Food Security	Aid for Trade	Transport Infra
National Program for Community Empowerment (PNPM)	Indonesia	World Bank	N	Y	N	N	Y
Indonesia Infrastructure Initiative (IndII) Facility and Indonesia Infrastructure Support (INIS) Trust Fund	Indonesia	World Bank	N	N	N	N	Y
Eastern Indonesia National Roads Improvement Project (EINRIP)	Indonesia		N	N	N	N	Y
Eastern Indonesia agribusiness development opportunities	Indonesia	AusAID/DFAT, ACIAR	Y	Y	Y	N	N
Australia Indonesia Partnership for Emerging Infectious Diseases Animal Health Program	Indonesia		N	Y	Y	N	N
AIP – Rural Economic Development Program	Indonesia	ACIAR/GIZ/TAF	Y	Y	Y	Y	Y
Nusa Tenggara Timur Agro-Forestry Community Development Program	Indonesia		N	Y	Y	N	N
Markets for High Value Commodities in Indonesia: promoting competitiveness	Indonesia	ACIAR, IFPRI					
PNG Microfinance Expansion Project	PNG	ADB	Y	Y	N	N	N

Name	Location	Partnering Donor/s	Pte Sector Dev	Ag/Rural Dev	Food Security	Aid for Trade	Transport Infra
Transport Sector Support Program	PNG		N	N	N	N	Y
Livelihoods and Food Security Trust Fund (LIFT)	Myanmar	United Nations Office for Project Services (UNOPS), EC, United Kingdom, Sweden, Switzerland, France, USA	N	Y	Y	N	N
Strengthening Partnerships and Resilience of Communities in northern Rakhine State (SPARC)	Myanmar	CARE Australia	N	Y	Y	N	N
ACIAR Multidisciplinary Research Program to Improve Food Security	Myanmar	ACIAR	N	Y	Y	N	N
Cambodia Agricultural Value Chain (CAVAC)	Cambodia	ACIAR	Y	Y	N	Y	N
Rehabilitation of Railway in Cambodia	Cambodia	ADB	N	N	N	N	Y
Cambodia Emergency Flood Rehabilitation	Cambodia	ADB	N	Y	N	N	Y
Smallholder Agriculture and Social Protection	Cambodia	World Bank	Y	Y	N	N	N
Cambodia Road Asset Management Project	Cambodia	ADB/World Bank/ OPEC Fund for Int. Dev.	N	N	N	N	Y
Southern Coastal Corridor Cambodia	Cambodia	ADB	N	N	N	N	Y
Poverty Reduction Fund Phase II	Laos	World Bank/ Switzerland	N	Y	N	N	Y
Laos Enhanced Integrated Framework and Trade Development Facility	Laos	World Bank/EU/ UNDP/Germany	N	N	N	Y	N
Rural Electrification Project	Laos	World Bank	N	Y	N	N	N



Name	Location	Partnering Donor/s	Pte Sector Dev	Ag/Rural Dev	Food Security	Aid for Trade	Transport Infra
Laos Northern Transport Improvement Project	Laos	ADB	N	N	N	N	Y
Laos–Australia Rural Livelihoods Program	Laos	UNCDF, GIZ, UNDP	N	Y	N	N	N
Second Trade Development Facility	Laos	World Bank, EU, Irish Aid, Germany	Y	N	N	Y	N
Association of Southeast Asian Nations (ASEAN), Australia New Zealand Free Trade Area (AANZFTA), Economic Cooperation Support Program	Regional East Asia	New Zealand/ ASEAN Secretariat	N	N	N	Y	N
Association of Southeast Asian Nations (ASEAN), Australia Development Cooperation Program Phase II (AADCP II)	Regional East Asia	ASEAN Secretariat	N	N	N	Y	N
Stop Transboundary Animal Disease and Zoonoses (STANDZ)	Regional East Asia	World Organisation for Animal Health (OIE), Food and Agriculture Organisation (FAO), World Health Organisation (WHO), Ministries of Agriculture and Livestock, donors (e.g., China, Japan, Korea, United States, European Union)	N	N	Y	N	N
Greater Mekong Subregion Trade and Transport Facilitation	Regional East Asia	ADB	N	N	N	Y	N
The Provincial Road Management Facility (PRMF)	Philippines		N	N	N	N	Y
Public Private Partnerships Programs	Philippines	World Bank/ADB	Y	N	N	N	N
Seeds of Life III	Timor-Leste	ACIAR	N	N	Y	Y	N
TIM-Works	Timor-Leste	ILO	N	Y	N	N	Y

Name	Location	Partnering Donor/s	Pte Sector Dev	Ag/Rural Dev	Food Security	Aid for Trade	Transport Infra
Roads for Development	Timor-Leste	ILO	N	Y	N	N	Y
National Program for Village Development	Timor-Leste		N	N	N	N	Y
Beyond WTO Phase 2	Vietnam	DFID	N	N	N	Y	N
Cao Lanh Bridge	Vietnam	ADB	N	N	N	N	Y
Mekong Transport Infrastructure Development Project	Vietnam	World Bank	N	Y	N	N	Y
Improved market engagement for sustainable upland production systems in the north-western highlands of Vietnam	Vietnam	ACIAR	Y	Y	N	N	N
Southern Coastal Corridor	Vietnam	ADB	N	N	N	N	Y
Enterprise Challenge Fund	Regional Pacific		Y	Y	N	N	N
Pacific Financial Inclusion Program	Regional Pacific		Y	N	N	N	N
Pacific Regional and Agricultural Market Access Program	Regional Pacific		Y	Y	N	Y	N
Road Rehabilitation Project	Kiribati	ADB/World Bank	N	N	N	N	Y
Private sector support	Nauru	UNDP/Forum Fisheries Agency	Y	Y	Y	Y	N
Fisheries Development Assistance in the Pacific	Regional Pacific	ACIAR/Forum Fisheries Agency	N	Y	N	N	N
Private Sector Development Initiative (PSDI)	Regional Pacific	ADB/New Zealand	Y	N	N	Y	N

Name	Location	Partnering Donor/s	Pte Sector Dev	Ag/Rural Dev	Food Security	Aid for Trade	Transport Infra
Pacific Agreement on Closer Economic Relations (PACER) Plus Support	Regional Pacific	Pacific Islands Forum	N	N	N	Y	N
Pacific Agribusiness Research for Development Initiative (PARDI)	Regional Pacific	ACIAR	Y	Y	N	N	Y
Secretariat of the Pacific Community—Core Budget and Program Support	Regional Pacific	SPC	Y	Y	Y	Y	Y
Samoa Agroforestry and Tree Planting Program	Samoa		N	Y	Y	N	N
Transport Sector Development Program	Solomon Islands		N	N	N	N	Y
Solomon Islands Road Improvement Program	Solomon Islands		N	N	N	N	Y
Cocoa Livelihoods Improvement Project	Solomon Islands		N	Y	N	Y	N
Rural Development Program	Solomon Islands		N	Y	N	N	Y
Kastom Gaden Association	Solomon Islands		N	Y	Y	N	N
Domestic Maritime Support Project	Solomon Islands		N	N	N	N	Y
Transport Sector Consolidation Project	Tonga	World Bank	N	N	N	N	Y
Roads for Development Program	Vanuatu		N	Y	N	N	Y
Port Vila Urban Development Project	Vanuatu		N	N	N	N	Y
Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC)	South and West Asia Regional	CSIRO	N	N	Y	N	N

Name	Location	Partnering Donor/s	Pte Sector Dev	Ag/Rural Dev	Food Security	Aid for Trade	Transport Infra
Improved Productivity of Water Scarce Farming Systems through Adaptive Research	Afghanistan	ACIAR	N	Y	N	N	N
Afghanistan Reconstruction Trust Fund	Afghanistan	World Bank	N	Y	N	N	N
Chars Livelihoods Program	Bangladesh	DFID	N	Y	Y	N	N
Micro-enterprise Development Program (MEDEP)	Nepal	UNDP	N	Y	N	N	N
Livelihood Strengthening Programme in the Border Areas of Khyber Pakhtunkhwa	Pakistan	Sarhad Rural Support Program (SRSP)	N	Y	N	N	N
Agriculture Sector Linkages Program (ASLP) Phase II	Pakistan	ACIAR	N	Y	N	Y	N
Australian Assistance to Agricultural Development in Balochistan Border Areas (AusABBA)	Pakistan	FAO	N	Y	N	Y	N
Mango Value Chain Improvement	Pakistan	ACIAR	Y	Y	N	N	N
Australian Community Rehabilitation Project (ACRP) – 5 projects	Sri Lanka	IOM, Oxfam, ILO, UNDP, ZOA	N	Y	N	N	N
North East Local Services Improvement Project (NELSIP)	Sri Lanka	World Bank	N	Y	N	N	Y
Community Forestry Program	Sri Lanka	UNDP	N	Y	N	N	N
Improving agricultural productivity through research and development across Sub-Saharan Africa	Sub-Saharan Africa Regional	CSIRO, CORAF, BeCA, AGRA/AECF, AFD, CIRAD	N	N	Y	N	N

Name	Location	Partnering Donor/s	Pte Sector Dev	Ag/Rural Dev	Food Security	Aid for Trade	Transport Infra
Building community resilience and sustainable livelihoods	Kenya	DFID	N	N	Y	N	N
Zimbabwe Food Security – AECF Zimbabwe Window	Zimbabwe	Alliance for a Green Revolution in Africa (AGRA)/DFID	N	N	Y	N	N
Zimbabwe Food Security— Agricultural Recovery	Sub-Saharan Africa	SNV Netherlands Development Organisation, DFID	N	Y	Y	N	N



## Appendix 6 - Practical Steps for Approaching PPPs and IBMs for Food Security (Excerpt from Study 2)

Based on CARANA's experiences implementing PPPs for several donors around the world and after assessing the effectiveness of the various experiences and instruments utilized by the primary donors, the study team has been able to highlight practical approaches donors can take when designing and implementing PPPs and IBMs.

There are several ways that donors can leverage private sector resources: by developing new projects or mechanisms or working through existing ones.

Design project to leverage new capital	Structure new partnerships or alliances	Create funds	Use convening power	Create bridges with existing projects	Redirect existing projects	Leverage synergies with other government programs
Leverage private sector through new projects or mechanisms			Leverage private sector through existing projects or mechanisms			

Through these two avenues, donors can always be on the lookout for ways to leverage private resources to meet development goals. For example, donors can build upon their regular engagement with the private sector through existing projects or other forums to learn about prospective investments or emerging opportunities. Working through project staff or local business development services providers, deals can be sourced with local, regional and sometimes international partners. Donors can identify opportunities within existing projects or consider unsolicited proposals brought by private sector actors. Conversely, donors can launch new programs or mechanism specifically designed to engage the private sector, similar to USAID's GDA model, DFID's Business Innovation Facility, and Germany's develoPPP.de programs.

The following steps highlight best practices and recommendations for *developing a proactive strategy to leverage private resources*.

### STEP 1: PROACTIVELY SEEK INPUT FROM THE PRIVATE SECTOR WHEN DEVELOPING COUNTRY STRATEGIES AND POLICIES

Integrating the private sector into policy formulation and project design processes early on is critical to understand upcoming opportunities as well as needs and obstacles for private investment. Donors and host country counterparts should proactively seek inputs and to understand the driving interests of business and financial stakeholders in the development of Country Development Cooperation Strategies (CDCS), program strategies and project design.

### STEP 2: EVALUATE DEVELOPMENT CHALLENGES FROM A PRIVATE SECTOR PERSPECTIVE

Donors should undertake a rapid assessment or scoping exercises to determine what the private sector is trying to achieve in donor and host country priority sectors. This will include discussions with the local private sector, donor counterparts in other agencies, multinational corporations, banks and investment funds, and local government agencies (investment promotion agency, ministry of agriculture, finance, etc.).

### **STEP 3: FORMULATE PRIVATE SECTOR ENGAGEMENT HYPOTHESIS**

To better understand how and where to engage the private sector, the donor should articulate likely points of convergence between with private sector interests based on development objectives. An “engagement hypothesis” could potentially read: “By engaging integrated agriculture operators like Cargill or ETG we can increase smallholder productivity and income in Zambia.” The level of specificity built into the hypothesis will depend on the readiness of actors to commit. While developing the hypothesis, the donor should continually seek private sector feedback to ensure dynamics and outcomes are appropriately captured and expectations align.

### **STEP 4: STRUCTURE ENGAGEMENT**

The engagement hypothesis and the feedback from the private sector and host country will impact the range of programmatic options to choose from. Donors can develop mechanisms to suit the hypothesis and related feedback to facilitate a range of ways to engage the private sector (funds, credit guarantees, public private dialogues, technical assistance projects, etc.). The donor will have to uncover and troubleshoot any legal and regulatory challenges that may arise per mechanism, based on the country context.

It is critical that all partnerships align with host country objectives. Donors should ensure that all opportunities are well-situated within the context of the Country Development Cooperation Strategy or other related national policies for local buy-in and support.

### **STEP 5: EVALUATION**

Monitoring the progress toward stated outcomes is a key component of any development project and should be as rigorously tracked with private sector partnerships. Monitoring should include indicators that demonstrate execution of responsibilities by all partners, investment targets and progress toward them, impact on beneficiaries and other program objectives, and any lessons learned and potential models to scale and replicate.

If the option for further funding arises at the end of the project, the donor should prioritize and select the highest impact engagements to continue in a “2.0 partnership.” Based on project experiences, the donor may wish to adjust objectives, bring on additional partners, etc. Additionally, lessons learned from the project should be communicated and incorporated into the next country strategy document.

### **PRACTICAL APPROACHES FOR IBMs**

By their very nature as core business models, IBMs are driven and implemented by the private sector. And while IBMs often face similar challenges to other types of PPPs, the literature has shown that there are a specific set of challenges facing IBMs, regardless of the industry or sector. According to the IFC’s extensive work in this field, it has highlighted five challenges: expanding reach, facilitating access to finance, changing mindsets and behaviours, designing appropriate products and services, and developing pricing and payment policies.<sup>115</sup> Figure 5 outlines these challenges and provides sample practical solutions. There is a distinct role for donors to play in supporting and enabling the private sector to overcome some of these obstacles, such as:

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<sup>115</sup> Jenkins, Beth and Eriko Ishikawa (2010). Inclusive Business Solutions: Expanding Opportunity and Access at the Base of the Pyramid. IFC.



**Provide financing for IBMs.** Donors and development finance institutions can provide grants, loans, or equity to support inclusive businesses. In a review of its \$250 million IBM program, Opportunities for the Majority, the Inter-American Development Bank (IDB) found that blended financial instruments are required for program effectiveness. The IDB's programs were limited to debt instruments yet the evaluation found that the market required a wider range of financial products (including equity) to accelerate market development and mitigate investment and implementation risks.<sup>116</sup>

Additionally, BOP populations frequently need access to finance to be able to participate in IBMs, especially as producers, suppliers, distributors and retailers in order to purchase inputs, inventory, technology, and other goods and services. Many IBMs recognize that in order to grow, they must assist their suppliers and customers to grow and, consequently, many are now providing value chain financing and other innovative mechanisms for those within their supply networks. For example, Jain Irrigation Systems, based in India, is the largest manufacturer of efficient irrigation systems and is a leading fruit processor. Jain Irrigation facilitates farmers' access to financing to purchase irrigation systems through its relationships with banks, which channel government subsidies and provide some credit. By providing smallholders with an end-to-end solution, Jain has been able to increase their incomes by \$500-6,000 per hectare, depending on the crop.<sup>117</sup>

**Provide capacity building for BOP.** As discussed above, BOP consumers and producers are risk averse due to their lack of disposable income, savings and safety nets and are consequently hesitant about engaging with new IBMs which can seem risky. It is critical to build BOP awareness about the benefits and value that can come from new services or products in order to get them to shift their spending patterns. As producers, distributors, and retailers, IBMs often involve adopting new practices or technologies and they need to understand the benefits that can come from them. Additionally, once BOP

groups have made this transition, capacity building in the form of skills training, financial education, and coaching is often needed to ensure that the BOP takes full advantage of the benefits.<sup>118</sup> Donors can play a critical role by provide technical assistance and training for BOP populations to ensure they are market-ready and have the appropriate level of professionalization.

IBM Challenge	Practical Solutions and Examples
<b>Expanding Reach</b>	<ul style="list-style-type: none"> <li>Partnering with organizations with existing channels (<i>extension agents and agro-dealer networks</i>)</li> <li>Use SMEs operating in the informal economy as channels</li> <li>Use field agents, satellite centers</li> <li>SMEs that source directly from farmers</li> </ul>
<b>Access to Finance</b>	<ul style="list-style-type: none"> <li>Value chain financing <ul style="list-style-type: none"> <li>Inputs or inventory on credit from suppliers/intermediaries</li> <li>Warehouse receipts and purchase order finance</li> </ul> </li> </ul>
<b>Behavior Change</b>	<ul style="list-style-type: none"> <li>Demonstration effect (<i>Demonstration plots, Farmer Field Days</i>)</li> <li>Marketing and training (<i>Training of Trainers</i>)</li> </ul>
<b>Appropriate Products and Services</b>	<ul style="list-style-type: none"> <li>Packaging and equipment (<i>Hermetic bags and storage</i>)</li> <li>Shared access and costs (<i>Cooperative bulk purchasing</i>)</li> </ul>
<b>Pricing and Payment</b>	<ul style="list-style-type: none"> <li>Prepayment for goods/services and Pay per use (<i>Leasing products</i>)</li> </ul>

#### IBM Challenges and Practical Solutions

<sup>116</sup> de Jongh, Robert (2012). Working together in pursuit of inclusive business: Sharing the Latin American and Caribbean experience with Asia and the Pacific. Asian Development Bank and the Inter-American Development Bank.

<sup>117</sup> Jenkins, Beth and Eriko Ishikawa (2010). Inclusive Business Solutions: Expanding Opportunity and Access at the Base of the Pyramid. IFC.

<sup>118</sup> Gradl, Christina and Jenkins, Beth. Tackling Barriers to Scale: From Inclusive Business Models to Inclusive Business Ecosystems. CSR Initiative, Harvard Kennedy School. 2011

**Support host country governments to create a pro-poor and pro-market business environment.**

Doing business with the BOP often entails developing new systems or business processes and is seen as riskier by lending institutions or investors. Donors can support governments to improve the business environment by reforming regulations, reducing bureaucratic hurdles, and engaging in dialogue with the private sector. Donors can assist governments to reframe policies that might have been well-intentioned, but end up stifling IBMs.<sup>119</sup> At the same time, the government should not only promote public policies that are pro-market, but that are pro-poor as well. With careful analysis, public policies can create well-designed subsidies and institutional change that can encourage the private sector to both work with and service the poor (sourcing from them, providing embedded services, providing information on standards and requirements). For example, the Kenyan government's new dairy policy encourages smallholders as licenses are that are issued to vendors (which are linked to quality and hygiene regulations) now include business development that provide training and certification. This policy change enables smallholders to take advantage of assistance and enter a new market.

**Facilitate knowledge transfer and best practices.** Donors can utilize their convening power to share their global and regional knowledge working on IBMs and how companies around the world have overcome challenges. Based on these experiences, donors can assist developing country governments to formulate and implement policies that are conducive to inclusive businesses.<sup>120</sup> Donors can also disseminate lessons learned and best practices to companies seeking to launch or scale their IBMs. Platforms are a useful tool to address issues that affect an industry or a large number of stakeholders. They are particularly useful when public goods need to be addressed – such as joint infrastructure or basic research – and collective action is necessary to bring about these changes. As highlighted above, the Better Cotton Initiative is a platform that recently set a standard for sustainable cotton production and is now disseminating information and providing training to help both smallholders and large buyers comply with it.<sup>121</sup>

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<sup>119</sup> International Finance Corporation. Policy Note on the Business Environment for Inclusive Business Models. 2012.

<sup>120</sup> International Finance Corporation. Policy Note on the Business Environment for Inclusive Business Models. 2012.

<sup>121</sup> Gradl, Christina and Jenkins, Beth. Tackling Barriers to Scale: From Inclusive Business Models to Inclusive Business Ecosystems. CSR Initiative, Harvard Kennedy School. 2011

## Appendix 7 —How Can Australia Improve Accountability and Results Measurement? (Study 1 Excerpt)

Lack of solid evaluation is the Achilles' heel of A4T. Rigorous evaluations are critical for accountability, for an enhanced understanding of which interventions are effective and why, and for generalizable lessons learned. A pioneering donor could make a difference to the A4T community at large by inserting rigor and frankness in project evaluations, for example in these ways:

- **Build the project evaluation into the project design at the outset** for direct impact evaluation, by careful construction of treatment and control groups of firms and institutions that did not receive assistance from the project.
- **Ask the same questions and apply similar methodologies, indicators, and attribution standards in evaluations across countries and regions such as trade hubs** to extract generalizable lessons or understand cause-and-effect relationships.
- **If cost-effective, plan and budget for an evaluation of a project 4 to 5 years after its completion**, and share lessons across the donor community.
- **Propose that the donor community work together to develop common guidelines for A4T project evaluations for agricultural development**, building on OECD's work on evaluation strategies and indicators. Such groundwork would also help promote multi-donor operations.
- **Carry out systematic mixed-method quantitative and qualitative evaluations** of trade-related projects.<sup>122</sup> For example, many of the interventions—such as trade-related technical assistance, export promotion, and programs targeted at export-producing women farmers—can be evaluated more rigorously than has been done so far, provided that impact evaluation is a part of program design at the outset. The USAID's 2010 assessment is one of the good models that can be built upon, as is this OECD's 2013 effort.

Employ participatory approaches to monitoring and evaluations, in order to include the views of the various stakeholders in projects, including other donors, private sector actors, and recipients. The World Bank has employed such participatory approaches in a number of projects. Including the primary stakeholders as active participants could help build local capacity to analyze outcomes, promote joint learning among the stakeholders, and enhance transparency and likelihood of course-corrections.<sup>123</sup> It could also avert questions about transparency in the future.

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<sup>122</sup> Cadot et al. (2014).

<sup>123</sup> World Bank website, Participatory Monitoring and Evaluation, <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20509352~menuPK:1278203~pagePK:148956~piPK:216618~theSitePK:410306,00.html>



## Appendix 8 — Major Websites Consulted

Organisation	Website Homepage
ACFID	<a href="http://www.acfid.asn.au/">http://www.acfid.asn.au/</a>
ACIAR	<a href="http://aciarc.gov.au/">http://aciarc.gov.au/</a>
Agribusiness Association of Australia	<a href="http://www.agribusiness.asn.au/">http://www.agribusiness.asn.au/</a>
Agriculture Market Information System	<a href="http://www.amis-outlook.org/">http://www.amis-outlook.org/</a>
AgWest	<a href="https://www.agric.wa.gov.au/agricultural-exports/agwest-food-security">https://www.agric.wa.gov.au/agricultural-exports/agwest-food-security</a>
ANZ	<a href="http://www.anz.com.au/">http://www.anz.com.au/</a>
AsiaAustralis	<a href="http://asiaaustralis.com/">http://asiaaustralis.com/</a>
Asialink	<a href="http://asialink.unimelb.edu.au/">http://asialink.unimelb.edu.au/</a>
Asian Development Bank	<a href="http://www.adb.org/offices/pacific/main">http://www.adb.org/offices/pacific/main</a>
Austrade	<a href="http://www.austrade.gov.au/">http://www.austrade.gov.au/</a>
Australia Fiji Business Council	<a href="http://www.afbc.org.au/">http://www.afbc.org.au/</a>
Australia Indonesia Business Council	<a href="http://www.aibc.com.au/">http://www.aibc.com.au/</a>
Australia Pacific Business Council	<a href="http://www.apibc.org.au/">http://www.apibc.org.au/</a>
Australia Philippines Business Council	<a href="http://www.apbc.org.au/">http://www.apbc.org.au/</a>
Australia PNG Business Council	<a href="http://apngbc.org.au/">http://apngbc.org.au/</a>
Australian Livestock Exports	<a href="http://www.australianlivestockexports.com.au/">http://www.australianlivestockexports.com.au/</a>
Australian Meat Industry Council	<a href="http://www.amic.org.au/">http://www.amic.org.au/</a>
BHP Billiton	<a href="http://www.bhpbilliton.com/">http://www.bhpbilliton.com/</a>
Business Council of Australia	<a href="http://www.bca.com.au/">http://www.bca.com.au/</a>
Business for Millennium Development	<a href="http://b4md.com.au/">http://b4md.com.au/</a>
CARE Australia	<a href="https://www.care.org.au/">https://www.care.org.au/</a>
Coca-Cola Amatil	<a href="http://ccamatil.com/">http://ccamatil.com/</a>
Coffey International Development	<a href="http://www.coffey.com.au/international-development">http://www.coffey.com.au/international-development</a>
Crawford School, Australian National University	<a href="https://crawford.anu.edu.au">https://crawford.anu.edu.au</a>

CSIRO	<a href="http://www.csiro.au">http://www.csiro.au</a>
Dairy Authority	<a href="https://www.diaa.asn.au/">https://www.diaa.asn.au/</a>
Department of Agriculture, Fisheries, and Forestry	<a href="http://www.daff.gov.au/">http://www.daff.gov.au/</a>
Department of Foreign Affairs and Trade	<a href="http://www.dfat.gov.au/">http://www.dfat.gov.au/</a>
Department of Industry	<a href="http://www.industry.gov.au/">http://www.industry.gov.au/</a>
Elders	<a href="http://www.elders.com.au/">http://www.elders.com.au/</a>
Executive IDC	<a href="http://www.idcaustralia.com.au/">http://www.idcaustralia.com.au/</a>
Gesellschaft für Internationale Zusammenarbeit (GIZ)	<a href="http://www.giz.de/en/">http://www.giz.de/en/</a>
Goodman Fielder	<a href="http://www.goodmanfielder.com.au/">http://www.goodmanfielder.com.au/</a>
Grocery Manufacturing Association	<a href="http://www.gmaonline.org/">http://www.gmaonline.org/</a>
Institute of International Trade, University of Adelaide	<a href="http://www.iit.adelaide.edu.au/">http://www.iit.adelaide.edu.au/</a>
International Mining for Development Centre	<a href="http://im4dc.org/">http://im4dc.org/</a>
Landmark	<a href="https://www.landmark.com.au/">https://www.landmark.com.au/</a>
Meat and Livestock Australia	<a href="http://www.mla.com.au/">http://www.mla.com.au/</a>
Minister for Foreign Affairs	<a href="http://www.foreignminister.gov.au/">http://www.foreignminister.gov.au/</a>
OECD (DAC)	<a href="http://www.oecd.org/dac/">http://www.oecd.org/dac/</a>
Pacific Islands Trade and Invest	<a href="http://www.pacifictradeinvest.com/">http://www.pacifictradeinvest.com/</a>
Queen Fine Foods	<a href="http://www.queen.com.au/">http://www.queen.com.au/</a>
Rio Tinto	<a href="http://www.riotinto.com/">http://www.riotinto.com/</a>
Rural Solutions	<a href="http://solutions.pir.sa.gov.au/">http://solutions.pir.sa.gov.au/</a>
San Remo	<a href="http://sanremo.com.au/">http://sanremo.com.au/</a>
The Australian Trade and Development Group	<a href="http://www.iit.adelaide.edu.au/national-dialogue/">http://www.iit.adelaide.edu.au/national-dialogue/</a>
URS	<a href="http://www.urs.com/au/services/international-development/">http://www.urs.com/au/services/international-development/</a>
World Trade Organization	<a href="http://www.wto.org/">http://www.wto.org/</a>

