Strategic Actors
October 2018

Final findings: Agricultural partnerships

The research project 'Partnership arrangements as strategic action for inclusive development: practices and outcomes' looked at how partnerships in certain agricultural value chains in Ghana can be orchestrated to create an effective and sustainable framework for inclusive development. The study compared project-based partnerships in the well-established export value chain for cocoa with those in the more informal food value chains for soybeans and cassava. The following are the final findings and policy messages.

Final findings

- The Government of Ghana and researchers are not pro-active in formulating and implementing strategic national agricultural policies, establishing a conducive regulatory framework, or taking coordinated action, especially in the food sector. This has led to fluctuating markets and prices, creating a high-level of uncertainty for farmers, as well as overlaps and inefficiencies in development projects. While donors and NGOs in Ghana do share knowledge and try to align efforts, coordination is not optimal due to their prime accountability to (home) funding constituencies.
- The innovation platforms (IPs) initiated by this research project aim to tackle systemic gaps in value chains. In the informal food value chains (for cassava and soybean), the focus is on increasing agricultural productivity (through the adoption of high-yielding varieties), improving processing techniques and establishing market relations. In the export value chain (for cocoa), the focus is on including smallholders in value creation and benefit sharing (where value creation refers to the adoption of advanced standards for quality and sustainability, e.g. fair trade, UTZ certification and the Rainforest Alliance).
- The initiators of IPs and public-private partnerships (PPPs) engage researchers and value chain actors in scoping studies and project formulation activities in order to gain an overview of the chain and identify plausible strategies for action. In principle, IPs work through interactive learning and negotiation arrangements, but these also emerge in PPPs, as initial contractual arrangements do not always fit or cover all of the critical issues involved. However, in contrast to IPs, the voices of smallholders are not represented in high-level PPP knowledge-sharing, learning and negotiation processes.
- Researchers were the primary initiators of IPs, not donors or NGOs. As the linear R&D approach seldom provides suitable solutions for farmers, IPs were created as a new institutional arrangement for more (smallholder) inclusive research and development. Through knowledge sharing and experiments, IPs aim to construct appropriate technical, relational and institutional solutions to overcome the main value chain constraints faced by smallholder farmers, or to build the capacity of smallholders and value chain actors at the local level. Donors and NGOs claim that the capacity building approach is costly and uncertain (as it is dependent on the attitude of smallholders) and prefer PPP arrangements with clear contractual commitments and scale effects.
- Donors and NGOs are keen on private companies playing a role in the development of agricultural value chains through PPPs. Neither researchers nor the government have strong relationships with private companies, and private companies are hesitant to commit themselves to uncertain and time-consuming IP processes. IPs are essential for smallholders to form good relations with large-scale traders and processors, as well as for them to obtain affordable quality inputs and secure profitable output markets. Strong partnerships and alliances with large companies are needed for national value chain actors to learn about,

and obtain, new production standards and to be competitive on high-value (inter)national markets. To engage private companies in inclusive development it is necessary to establish clear commitments, benefits and cost-sharing arrangements.

- PPPs focus on the stable provision of technical knowledge, ensuring quality services and establishing linkages with high-value markets, thereby creating good opportunities for farmer entrepreneurs. Smallholders, who generally have few resources and diversified portfolios in order to cope with uncertainties, are usually unable to meet the quality, quantity or time requirements set by PPPs and, therefore, only derive limited benefits from such arrangements. However, our research showed that in the partnership process the 'market' and 'professionalization' logics formally promoted by PPPs can be creatively coupled with the 'empowerment' and 'solidarity' logics of local NGOs, which serves the interests of the resource-poor.

Policy messages

- **The government of Ghana should lead in agricultural development:** Donors and NGOs need to (continue to) stress and stimulate African researchers and governments to take a lead role in strategic policy formulation and coordinated action for agricultural development, notably in the food sector.
- **IPs and PPPs have complementary roles:** Researcher-initiated IP arrangements for knowledge sharing and learning are effective for experiments, capacity building and the fine-tuning of value chain institutions. In comparison, PPP arrangements have clear formal commitments, are of more interest to private companies, are able to mobilize considerable funds, thereby having scale effects, and are effective in creating new institutional arrangements.
- **Different value chains require different types of expertise and partnerships:** Food value chains require expertise in agricultural technology and business management, as well as regional market linkages, all of which are available from national NGOs, researchers and government departments. Export value chains require expertise in buyer-driven standards for fair and sustainable sourcing, which are available from certification bodies and international processing or trading companies.
- **Private actors are essential to ensure effective service provision and marketing links in agricultural value chains:** The engagement of private actors in partnerships requires clear commitment and clear benefit and cost-sharing arrangements, like in a PPP.
- **PPPs should improve downward accountability and support farmer-based organization:** Farmers are not directly represented in high-level PPP learning and negotiation mechanisms. This is partly due to the weak organization of farmers, but may result in farmers getting locked into value partnership-defined situations. To ensure the empowerment of farmers (i.e., to improve their capacity to translate their choices into desired actions and outcomes), PPPs need to incorporate mechanisms to engage farmers in dialogue and support farmer-based organization.
- **The heterogeneity of farmers calls for a differentiated, or somewhat flexible, PPP approach at the local level:** Farmer profiles vary; hence, farmers need different types of services and can serve different types of markets. PPPs tend to focus on the farmer entrepreneur. For the resource-poor smallholder, a focus on frugal products and base-of-the-pyramid markets may be of more benefit. The inclusion of NGOs in PPPs could help to articulate the market options and structures beneficial to more resource-poor farmers.
- **Consider including financial intermediaries in partnership arrangements:** Value creation (through investment in high-yielding seeds or the adoption of higher sustainability standards) requires financial resources. The inclusion of financial intermediaries, such as private banks, may be a viable way to reduce the dependence of innovation platforms on donor money. However, financial intermediaries require the credible commitment of partners, especially value chain actors, to be assured of repayment. Credible

commitment can be created through strong value chain development (e.g. by establishing marketing contracts and ensuring long-term market access).

Knowledge products

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