2SCALE

PAPER 8

Partnership governance

Photo: 2SCALE | A representative of the vegetable farmers in the management committee of the vegetable PPP in Mali

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KEY MESSAGE

Public-private partnerships have proved to be a useful means to foster inclusive agribusiness. However, the way these partnerships are governed is critical for their success in strengthening inclusiveness as well as the competitiveness of the agrifood value chains. Partnership governance arrangements must be explicit, adapted to each partnership setting, systematically implemented, adjusted whenever needed, and progressively embedded in local networks.

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Introduction

Practitioners in agrifood value chains tend to focus on field-level interventions to reduce constraints such as low farm productivity, farmers' weak linkages to markets and the limited access to finance of farmers and local entrepreneurs, etc. The 2SCALE program supports such interventions through partnerships with private actors, as a means to strengthen inclusive agrifood value chains. Besides field-level interventions, the way partnerships are governed is critical for their success in strengthening inclusiveness as well as the competitiveness of the value chain.

Partnership governance raises several questions that will be addressed in this paper. Why are explicit governance arrangements so important? How do governance mechanisms work? How are they implemented? How can the partnership governance contribute to inclusiveness? What are the requirements for an effective inclusive partnership governance? And, how can this evolve?

Why did 2SCALE introduce governance arrangements in its public private partnerships?

A public private partnership (PPP) supported by 2SCALE always involves a private lead partner (a local business champion or a lead firm) and 2SCALE. Others, including farmer organizations, may also be included in the formal partnership agreement, provided they also adhere to the mission of the partnership and leverage resources.

Partnership governance refers to more than the traditional scope of a steering committee. While both relate to the processes for making and implementing decisions, partnership governance also includes relationship building between those directly involved in the partnership and the other value chain stakeholders (e.g., to ensure that the interests of all relevant stakeholders are taken on board), and it includes mechanisms to balance the powers of all stakeholders involved in a partnership. As stated in early human history: "The poor man who enters into a partnership with one who is rich makes a risky venture" (Plautus, Roman tragicomedy writer, 254-184 BC).

In most partnerships supported by 2SCALE, power asymmetries due to different levels of access to information, finance, networks, expertise, etc. are initially strong. For a smallholder farmer representative, sitting in a board room with executives of a multinational company may be intimidating. But with fair governance arrangements in place smallholder farmers and other vulnerable groups can voice their concerns, share ideas and contribute to the ability of agrifood enterprises, and other key actors who drive the value chain, to make sound decisions.

Through its portfolio of PPPs 2SCALE has learnt the importance of governance arrangements in agreeing on priority interventions to strengthen an inclusive business model, track progress, ensure a steady flow of information among partners with effective feedback loops, make operational decisions, and adjust partnership strategies when needed.

Without explicit arrangements, misunderstandings and tacit divergences may accumulate over-time and, at some point, emerge and create bottlenecks in the partnership. If the lead firm makes decisions alone, specific interventions, such as the technical training of farmers, will most likely be given priority at the expense of other interventions, such as those focusing on soft skills (e.g. training farmer organizations in leadership or the development of loyalty programs). As a consequence, the whole partnership may shift away from its inclusive agribusiness ambition. The lead firm might also change its business model to exploit new opportunities and restructure staff or operations; or it might have difficulty managing the growing expectations of local actors or sudden changes which affect the relations in the value chain. More broadly, short-term business requirements may overcome the longer-term societal impacts expected from the partnership.

While a PPP must allow each private actor to deliver bottom line results, 2SCALE's role is also to ensure the terms of inclusion of vulnerable actors (e.g. smallholders, women) are effective and fair and that the interests of all stakeholders are pulled in the same direction, aligned with the partnership's theory of change. Therefore, 2SCALE introduced governance arrangements in the PPPs it supports to foster inclusiveness in decision-making and the management processes of partnerships. Effective governance is all the more important at the beginning of a partnership, when actors do not yet automatically think in terms of finding a balance between competitiveness and inclusiveness, and when stakeholders are not yet used to working together. Even more, in the beginning 2SCALE often plays a pro-active role in "voicing" interests of the "excluded". Later on, also for reasons of sustainability, it becomes essential that these stakeholders also get on board, and effectively participate in decision-making. But how are these governance arrangements built and implemented?

How do partnership governance arrangements work?

From screening to partnership agreements

The initial proposal for a partnership with 2SCALE comes from a private agent: a local *champion*, like a farmer cooperative engaged in input provision; or a *lead firm*, like a national African processing company or a multinational subsidiary. The partnerships aim to support champions or lead firms to mainstream an agenda to strengthen inclusiveness, while at the same time develop more efficient value chain relations. The PPPs are additional to regular business operations and allow agribusiness cluster (ABC) actors and value chain actors to take risks by investing in new products and processes, or by co-developing initiatives, in which they otherwise would not have ventured (without being prepared to encounter higher levels of uncertainty and risk).

The partnerships are not the end goal per se, but rather a means to foster inclusive agribusiness, through an emphasis on two principles:

- **Championship** – private partners are the owners of the interventions and in the driving seat of partnerships;
- **Collaboration** – 2SCALE doesn't handout a subsidy, but actively participates by providing brokering, networking and capacity strengthening expertise for a temporary period.

Partnerships are most often forged between one private lead partner and 2SCALE. In some cases they can involve several key partners from the start. This was, for instance, the case in the cassava partnership in Nigeria established between Psaltry (a local processor of cassava tubers into starch), Nigerian Breweries/Heineken (the end buyers of cassava starch) and 2SCALE; or in the citrus partnership in Ghana established between Fruittiland (a local fruit juice processor), Verbruggen Juice Trading Sustainable Products (a Dutch juice concentrate importer), Fair Trade Original (a Dutch foundation marketing fair-trade products) and 2SCALE. Whatever the number of parties, screening partnership proposals and assessing their inclusive business agenda is a complex process that follows steps and criteria developed by 2SCALE in a so-called *PPP Protocol* (see Box 1).

2SCALE aims to only partner with lead firms and local champions that strive to develop long-term relations with smallholder farmers, rural entrepreneurs and/or Bottom of the Pyramid (BoP) consumers. The lead firms and local champions must also intend to co-design and develop inclusive business models and there must be engagement by such private partners. This engagement is formalized by 2SCALE either through a multi-year partnership agreement with a lead firm (and its co-partners in the case of multi-partite agreements), or through annual cluster action plans and related sub-grant agreements in the case of partnerships driven by local champions, like women cooperatives or local farmer organizations.

Governance arrangements in partnership agreements

Governance arrangements do not emerge spontaneously and specific efforts are needed to make them explicit from the start in written agreements. In most partnership agreements with lead firms, two to three structures are put in place. No single governance model is prescribed; rather, the arrangements are adapted to each partnership depending on specific circumstances, such as the level of organizational development already achieved (e.g. presence of an umbrella association representing farmers), or the presence of other key actors in the value chain (e.g. aggregators).

2SCALE | Representatives of Fruittiland, Fair Trade Original, Verbruggen Juice and 2SCALE visit citrus farmers in Ghana in 2012 to decide on the launch of first field interventions under the citrus PPP

BOX 1 | THE 2SCALE PPP PROTOCOL

The PPP Protocol briefly describes the two archetypes of PPPs that 2SCALE distinguishes: Agribusiness Cluster PPPs (ABC-PPPs) and Value Chain PPPs (VC-PPPs).

ABC-PPPs are partnerships at the ABC level, with smallholder farmer groups or cooperatives and other rural enterprises, as well as business support and financial services providers. ABC-PPPs are initiated by a local business champion (i.e., a farmer group/cooperative, processor, trader or retailer), in collaboration with relevant other actors that actively participate in the cluster, and with 2SCALE.

VC-PPPs are partnerships at the value chain level, with so-called lead firms directly or indirectly serving or sourcing from smallholder farmers. These lead firms operate at international, regional or national levels and have no direct physical presence at the grassroots (i.e., where the ABCs are). Often these lead firms are large-scale enterprises. VC-PPPs are initiated by the lead firms and co-developed with 2SCALE. Grassroots actors may or may not be involved in the initial stages.

For each of these archetypes, the PPP Protocol proposes a roadmap that leads to its formation and documentation. The document also provides guidelines on the monitoring of PPPs, and more specifically discusses how contributions from private sector partners and public funding sources are measured and monitored.

Although there is no blueprint, a regular arrangement for partnerships with large companies comprises of three structures with complementary roles, as explained below:

- **A field team**, composed of technical field staff from the lead firm and 2SCALE, who implement field activities as agreed in a joint annual value chain development plan. This team is in daily contact with grassroots actors, such as farmers (men and women) and their professional organizations, local processors, transporters, local financial institutions, agro-input dealers, and business service providers which form ABCs. The field team prepares a monthly activity report covering the objectives, activities undertaken, achievements made and challenges faced. The monthly activity report is circulated among all members of the management committee and the strategic oversight committee.

- **A management committee**, composed of medium-level managers of the lead firm and 2SCALE. Depending on the partnership, representatives of farmer organizations, aggregators or other key actors in the value chain may also be members. The management committee meets quarterly with the field team and farmer representatives from different clusters – if they are not full members of the management committee. During these meetings, participants review the progress and challenges of the joint value chain development plan, share relevant information from the field and in the industry, and take operational decisions as needed. One of the members writes minutes and shares them with all participants and with the strategic oversight committee within 2 weeks of each meeting. The minutes include up-to-date data on key performance indicators of the partnership, e.g. the volume of produce supplied, quality criteria, prices paid to farmers and the number of farmers (men/women) reached. The management committee also prepares (i) the annual value chain development plan, (ii) the annual cost-shared budget, and (iii) the annual evaluation note, which are submitted and approved by the strategic oversight committee each year.

- **A strategic oversight committee (SOC)**, composed of senior managers of the lead firm and 2SCALE, and most often, an executive of the farmer organizations. The SOC meets face-to-face once or twice a year. The meeting includes the management committee and the field team. Participants review the overall progress of the partnership, discuss strategic points identified beforehand and make strategic decisions for the partnership. The SOC reviews and approves the annual value chain development plan and budget, as well as the annual evaluation note. One of the members writes minutes and shares them with all participants within 2 weeks. These structured meetings are complemented by *ad hoc* meetings (face-to-face and phone/Skype calls) whenever needed, to address specific challenges pertaining to the partnership.

For partnerships that do not involve large companies and are led by African small and medium-sized enterprises, the management committee and the SOC are sometimes merged, but formal and structured meetings with written minutes remain essential to facilitate joint decision-making processes.

Unless a partner faces financing difficulties (e.g. in the case of important transport costs) and requires 2SCALE's exceptional sponsorship, each partner pays for its own costs to participate in governance meetings, and the hosting rotates, so that each party contributes equally and takes the lead in the organization of meetings (logistics, agenda).

Governance mechanisms are also put in place in partnerships that are built around local business champions, such as farmer organizations. In such cases governance takes place mainly at the ABC-level (farmers, local traders and processors, agro-input dealers, business support service providers, local financial institutions, etc.) to reach agreement on a long-term strategy for a joint cluster action plan and to monitor the progress of its implementation. Additional governance structures can progressively emerge, including at a hub-level, which regroups several ABCs, or at a value chain platform-level.

Whether a partnership is driven by a lead firm or by local business champions, writing governance mechanisms into agreements is just a first step: they must then be implemented. In ABCs, strategies and related interventions are discussed and validated during governance meetings that lead to the development of a cluster action plan. In the case of the Liben Farmers' Cooperative Union (FCU), the restructuring of the partnership and a revision of the governance structure enabled actors to benefit more from the partnership interventions (see Box 2).

In partnerships with lead firms, while the joint objectives set in the partnership agreement are most often ambitious, the partners are always eager to begin concrete field activities very quickly to help them get to know each other in actual situations, build trust, and learn by doing. This 'think big, start small' approach is also often reflected in decision-making processes: at first, deliberations are made jointly between the lead firm and 2SCALE and initial governance meetings usually take place during the first joint field visits, with a flexible agenda. Farmers are most often not fully involved from the very beginning. This pragmatic approach is okay as a start, as in a competitive business environment decisions must be taken quickly and should give a kick-start to the partnership interventions. 2SCALE's role, however, is to ensure that efficiency doesn't come at the cost of equity and inclusiveness.

How inclusive are PPP governance arrangements?

Smallholder farmers

Partnership interventions involve and affect numerous other actors at local-level (ABC) and at regional-level (value chain), all with different ambitions, strategies, business models and interests. Not all stakeholders can be involved in governance structures, but the primary beneficiaries (smallholder farmers) must be represented, and the sooner the better. Therefore, as a partnership develops, governance arrangements are refined (if needed) to ensure the inclusion of smallholder farmers and other key stakeholders.

One example that illustrates this orientation towards better inclusiveness comes from the cassava partnership in Nigeria. The local processing company Psaltry, and Heineken's subsidiary, Nigerian Breweries (NB), partner to source cassava tubers in south-west Nigeria. Psaltry processes the tubers into starch, which is further processed into maltose syrup by NB before being incorporated into some of its drinks. To be able to develop an inclusive supply chain with thousands of smallholder cassava farmers, Psaltry and NB/Heineken partnered with 2SCALE. When field activities started in 2014, the partners organized several meetings, mainly in the field

BOX 2 | RESTRUCTURING THE POTATO PPP WITH THE LIBEN FARMERS' COOPERATIVE UNION IN ETHIOPIA

The partnership with Liben FCU and 2SCALE was established in 2014. However, the key cluster actors did not show the level of commitment expected to realize the partnership's targets. In 2016, the partnership was restructured in order to set up an appropriate functioning governance system. Among other things, this involved setting a fixed time and place to conduct governance meetings with a constant group of members. In addition, formal minutes of the meetings were recorded and each participant had to sign their attendance at the meeting. The formalization of the governance systems created a greater sense of ownership and accountability among participants in regards to the successes and failures of the partnership. As a result, the partnership has brought more success in one year than it did in the previous two years.

with cassava farmers, to kick-off interventions. During their first fully indoor meeting, at NB facilities in Lagos in February 2016, the partners decided to re-organize their governance mechanisms to improve and structure the flow of information among them, to shorten feedback and decision-making processes, and to ensure farmers have a formal channel to provide feedback, make suggestions and contribute to decisions. Since then, whenever it meets, the management committee involves the field team and at least three farmers from three different cassava clusters. In addition, a cassava outgrower representative sits as a full member in the SOC of the partnership, along with representatives from Psaltry, NB, Heineken and 2SCALE. The contributions of these farmer representatives allow farmers' viewpoints to be taken into account at the management committee- and SOC-level, and also serve as an interface between these partnership structures and farmers at the grassroots whom they represent. Formal integration, in this case of smallholder farmers, doesn't come only with rights but it also involves responsibilities including willingness to leverage resources for joint actions. The inclusion of grassroots actors in partnership governance structures with lead firms can be slowed down when a lead firm is ill-at-ease with the growing expectations that these actors express and their influence on its business model. This concern progressively lessens as trust develops. Also in some cases (e.g. with some multinational companies), different departments of the same company may have different levels of commitment to the inclusiveness agenda, which in turn affects the level of engagement in the partnership governance.

But even when the formal integration of farmers in governance structures with lead firms takes more time to be accepted or implemented than hoped, alternative mechanisms are possible to ensure the viewpoints of farmers are taken into account during deliberations around the strategies and tactics of the partnership (Box 3).

2SCALE | Interactions with men and women Fulanis the first day of a core-partners governance meeting in the dairy partnership, Nigeria

BOX 3 | INCLUSION OF FULANI MILK PRODUCERS IN GOVERNANCE ARRANGEMENTS IN NIGERIA

The so-called 'core partners' of the Nigeria Dairy Development Program – Royal FrieslandCampina, its Nigerian subsidiary FrieslandCampina WAMCO (FCW), the Nigerian Federal Ministry of Agriculture and Rural Development (FMARD), and 2SCALE – meet face-to-face twice a year to review the Program's progress and validate the following year's joint value chain development plan. 2SCALE's focus on inclusiveness helped engage Fulani milk producers in the planning process. Prior to May 2014, 2SCALE organized pre-meetings with Fulani communities in dairy clusters. Feedback from these pre-meetings was shared and discussed during the core partners' meeting, helping to inform decisions. The inclusion of feedback in the decision-making process was much appreciated and the core partners, therefore, decided to systematically organize such exchanges with farmers the day prior to the formal meeting. All core partners spend one full day in the field, with farmers and other stakeholders (vet service providers, transporters, feed suppliers, community livestock workers, etc.) to interact with them and get their inputs on the Program's progress. In 2016, this went a step further, with the organization of separate meetings with Fulani men on the one hand and Fulani women on the other hand, to give women more opportunities to speak up – which they were reluctant to do in the presence of men due to social pressures.

Some partnership governance structures are inclusive from the start thanks to the background of the lead partner. The processing company Promo Fruits Benin built its business model on a pineapple farmer cooperative in Benin, with a former young farmer as a general manager. Its value proposition consists of offering cooperative members another market than the uncompetitive export of fresh fruit. Instead of being exported as such, the fruits are now processed into juice and exported (and consumed on the domestic market) as juice. By processing the fruits into juice and through a strong marketing strategy (from packaging to branding, targeting different market segments and distribution within and outside Benin), Promo Fruits offered pineapple farmers a new market. Over time the farmer base grew to 3,700 cooperative members, supported by about 8,300 farm labourers and organized in nine cooperatives. Promo Fruits has become a major supplier of natural fruit juice markets throughout West Africa. Due to this strong initial relationship between Promo Fruits and small-scale pineapple farmers, the governance arrangements set in the partnership agreement included, from the start, a so-called multi-stakeholder platform (*Plateforme d'Innovation du Jus d'ananas IRA*). This platform acts like an inter-professional body affiliated to Promo Fruits, advising a management committee on the development of the partnership. It includes not only representatives of the nine farmer cooperatives, but also transporters, financial institutions and other value chain actors. The multi-stakeholder structure has proved to be critical in some decisions by the partners, such as the setup of a levy system on each kilogram of pineapple purchased from farmers by Promo Fruits to establish a fund for financing the training and coaching services provided to the farmer cooperatives.

Women

In all value chains, although to varying extents, women face challenges to becoming fully integrated and accessing the same opportunities and benefits (as well as control over those benefits) as men. As an incubator for inclusive agribusiness, 2SCALE encourages its partners to take extra measures to ensure women are also well represented in governance arrangements. Including women in governance allows the partnership to be more effective and equitable: it diversifies and enriches reflections and points of view in the partnership planning and decision-making processes, but it also gives a voice to female stakeholders (e.g. as farmers and farm laborers, as local processors and micro-entrepreneurs, as traders, as buyers of foodstuff and as decision-makers of household diets), who face specific gender-related challenges in the value chain. Although 2SCALE works with successful women entrepreneurs and women farmer groups that are assertive and vocal, they remain the exception and affirmative action measures, like participation quotas, need to be taken to guarantee women's participation in partnership decision-making processes. In the vegetable partnership in Mali, where women represent about half of registered farmers and drive key elements in the value chain (such as access to inputs and credit, or the pricing of onions), 2SCALE recommended to the actors involved, who validated the suggestion, that each cluster be represented in the management committee by a duo composed of either a man and a woman, or two women. As a result, 70 % of the current members of the management committee are women. The strong representation and participation of women in 2SCALE-supported PPPs has attracted attention from various stakeholders, including of the Ethiopian

BOX 4 | FACILITATING THE INCLUSION OF WOMEN IN AGRIBUSINESS IN ETHIOPIA

Mrs. Yirgalem Aniyew, Director of the Federal Cooperative Agency in Ethiopia, noted that substantial progress had been made in 2016 in 2SCALE-supported partnerships, largely thanks to the partnerships' emphasis on farmer empowerment. She commended particularly the project partners for ensuring that women participated in governance meetings. "There is no other NGO project like this… we must use this project to improve the situation in our country," Mrs. Aniyew said. In 2017, the Ethiopian Minister of Agriculture and the Federal Cooperative Agency awarded 2SCALE/IFDC a prize as the best capacity builder/project of the year (see http://2scale.org/4873). The Head of the Cooperative Agency noted that, "2SCALE is awarded the trophy not for the amount of money it has put into [the project], but rather it is for the fact that it has shown the government and development partners a better way of promoting market-oriented inclusive agribusiness with relatively limited funding".

Minister of Agriculture and the Federal Cooperative Agency, which awarded 2SCALE/IFDC for their capacity building efforts (see Box 4).

The role of public authorities

Local and national public authorities can also be involved in partnership governance processes. Public authorities play a specific role in Ethiopia from the start of a partnership, and contribute to pushing forward the partnerships' gender agenda, as well as their alignment with other public intervention priorities. Every year public authorities 'validate' action plans and other outcomes of partnership-level governance meetings. For instance, 10 partnership review meetings were held in November 2016, organized by farmers' cooperative unions and attended by farmers' representatives (e.g. leaders of primary cooperatives), ABC actors and lead firms. The meetings reviewed the progress made in 2016 and elaborated plans for 2017, with farmers providing the key inputs. These meetings were followed by regional-level meetings, chaired by government decision-makers (federal and regional government cooperative agencies), and again involving lead firms, farmers' representatives and ABC actors. Outputs from the partnership-level meetings were discussed and ratified, ensuring that priorities for each partnership were dictated by grassroots actors and validated by public authorities.

Joris Maatman | Alema Koudjis Feed packaging line, Ethiopia

BOX 5 | TRUST IN THE DAIRY VALUE CHAIN IN ETHIOPIA

The level of trust among the lead firms, Alema Koudijs Feed (feed supplier) and Family Milk (dairy processor), and dairy farmers was the critical factor during the brokering stage of the partnership's business relations within the dairy value chain. Alema Koudijs Feed needs to trust Family Milk since the processor distributes its feed to farmers on a credit basis, and Family Milk must trust the farmer organizations to repay the credit for this feed. In turn, farmers need to rely on the processor's ability to offtake the surplus milk, especially during the fasting periods. Initially Alema Koudijs Feed pushed for large volumes of feed to be distributed, while Family Milk preferred to distribute feed little by little in order to reduce credit default risks. This created some tension between the business partners, but after mediation by 2SCALE, both firms understand the need to operate with an agreed volume of feed without harming each other's business.

In Nigeria the Federal Ministry of Agriculture and Rural Development (FMARD) is a party in the dairy partnership and as such a member of each governance structure. This allows FMARD to ensure the partnership is aligned with the government's strategy and policies for transforming the dairy sector. In addition, this participation leads to a better understanding by the government of the challenges faced by the partners and makes requests for support to public agencies easier.

What capacities of partners are required for an effective PPP governance?

Trust is key to effective and efficient value chains. Trust is also important in partnership governance, and builds on transparency and open communication on topics relevant to the inclusive business model strengthened through the partnership. Like in the case of the dairy partnership in Ethiopia, 2SCALE has facilitated a mutual understanding of actors' individual and joint interests, and contributed to building trust between partners (see Box 5).

It's helpful if a lead firm is able to leverage the support from another public program, provided there are no overlaps with 2SCALE's partnership and complementary relationships can be built. Therefore, transparent communication and open discussions on the shared goals and values of the programs are required during governance meetings.

All participants in governance meetings are also expected to have a constructive business mindset and be capable of empathizing to understand each other's situation. This condition is necessary for the mutual appreciation of the different partners' capacities and for the co-creation of innovative and context-sensitive solutions. For instance, it is important that farmer representatives have access to market information (prices, trends, etc.) and understand the alternative sourcing options of an off-taker (e.g. sourcing locally another product as a raw material, or importing). It's similarly important for an off-taker to know and understand the detailed production costs of farmers, not only to negotiate fair prices, but also to agree on appropriate interventions that can improve farm productivity in the specific context of the partnering farmers. The combination of access to information, a business mindset and trust reduces conflict and allows for constructive deliberations during partnership governance meetings. For this to happen, another requirement is that the environment of meetings is conducive to all parties (especially women, smallholders) so that they are able to speak up confidently.

Partners do not have all of the expertise to make appropriate decisions. Therefore, they must remain flexible and open enough to invite new stakeholders (e.g. a new major financial institution) to become resource providers or full members of the partnership as it develops.

Moreover, it is essential that representatives of the farmers and other grassroots actors really have the mandate and the capacity to represent them, which in turn requires that local organizations are professional (i.e. democratically structured with active leadership and feedback loops). In some cases, this requirement has triggered a re-structuring of grassroots organizations, for instance in Nigeria, where the lack of coordination among actors of the soybean partnership hindered their participation in partnership governance. As a consequence, young farmers established state-level associations, such as the Kwara State Youth Farmers' Cooperative Union. In Kenya over 11,000 farmers in the rice partnership set up the Kisumu Rice Stakeholders Forum, to which the county government (also a member of the partnership management team) has pledged support and co-funding. In addition, 2SCALE partnership facilitators encourage smallholders, especially women, to communicate regularly with each other so that priorities can be agreed and a collective voice articulated. In many partnerships in Benin, Mali and Kenya, local actors have formed WhatsApp groups, sharing information quickly, frequently and at low cost. Through better access to information

Mahamane Toure | Sesame en marche, PPP stakeholders, Mali

and well-structured and active professional organizations, farmers and other grassroots actors improve their deliberative capacity in partnership governance.

Private partners must also be capable of progressively taking on leadership, not just in the value chain, but also in the governance of the partnership. After a few years of partnership, it is expected that the lead firm or one of the other private partners will be the party to call the governance meetings, develop the agenda and write the minutes, as 2SCALE's facilitation role narrows down to ensuring inclusive business remains the North Star of the private partners once the partnership's activities are fully established.

How do PPP governance arrangements evolve and become sustainable?

Linking with sectoral institutions

Once partnership governance mechanisms are set up, 2SCALE pursues its facilitation role by balancing the power and interests of key partners during governance meetings. Decisions on strategies and operations must align with the partnership's changing ambition and be in the mutual interest of all parties. Over time, as the lead firm and other stakeholders take increasing ownership of the partnership, they may decide on adjustments to governance arrangements to bring structures closer to stakeholders and/or sectoral institutions, and to make them financially sustainable.

For example, in early 2017 the management committee of the maize partnership in Mali, which groups the lead firm SONAF (grain trading company), the main business support service provider CRADR (*Centre de Réflexion Appui en Développement Rural*), farmer representatives from 10 ABCs and 2SCALE, decided to set up a value chain platform with the other stakeholders and to prepare it to take over the roles of the management committee once 2SCALE exits the partnership. Since mid-2017 platform meetings have been organized at a village-level, hosted by a farmer organization on a rotational basis, in order to strengthen interactions with grassroots actors, reinforce trust in the value chain and reduce meeting costs.

In Benin, the parboiled rice partnership went a step further. Its governance structures consist of ABC-level coordination committees, complemented by a management committee at the partnership-level. This management committee anchored the ABCs to the Benin rice sector by including not only representatives of rice farmer organizations and women parboiling processors, but also a representative of the *Conseil de Concertation des Riziculteurs du Benin*, the national rice farmer apex body for the rice sector.

Embedding partnerships in sectoral institutions allows smallholder farmers and processors not only to influence decisions within the partnership, but also to provide inputs for sector-level policy making, and to link the partnership governance structure to a strong institution in the sector.

From clusters to hubs

Through many partnerships 2SCALE has facilitated the creation (or strengthening) of platforms (that link stakeholders involved in the same value chain), as well as agribusiness hubs (that link clusters involved in the same partnership). Such platforms and

BOX 6 | GOVERNANCE BY VEGETABLE HUBS IN BENIN

In Benin, the initial situation of the vegetable partnership was characterized by rare meetings of cooperatives and communal unions of vegetable growers. Furthermore, farmers lacked the appropriate skills to facilitate meetings and report on outcomes.

The first step to improve governance was the mobilization of farmers for working sessions centered on access to input finance. Access to credit was the primary concern as it was required to organize meetings in order to agree on how to identify key beneficiaries of credit, how to negotiate with the microfinance institutions, how to manage credit and how to repay it. Once access to credit had become a reality and business relationships were strengthened between farmers, their organizations and microfinance institutions, cluster stakeholders began improving their organization by aggregating input orders, planning vegetable production and the collective sale of outputs.

Vegetable growers of the Grand-Popo cluster meet every Wednesday during the planting season. These meetings are also extended periodically to other members of the cluster (traders, financial institutions, input dealers, etc.). At the Calavi cluster, a meeting with input distributors is held at the launch of the production campaign. Meetings are also organized with traders before the campaign to plan production and align it with traders' projected needs, and again at harvest time to ensure coordination of sales.

A second level of governance has emerged over time, in which several clusters with similar products have been able to strengthen their cooperation and coordination. This level of governance began with exchange visits to compare production systems, internal organization, marketing systems, credit management, production planning to avoid falling prices, etc.

hubs have also contributed to strengthening the governance of partnerships and to ensuring their sustainability once 2SCALE phases out. For instance, after three years of activity, vegetable clusters in Benin decided to create vegetable hubs to improve inclusive aggregation systems and empower cluster actors active in the same commodity (e.g. cabbage) to work together and build collective businesses (Box 6).

Through their hubs, ABCs meet frequently to exchange information and experience, and make commercial decisions. As such hub meetings make clear business sense to the actors, they finance them fully. Hub-level governance meetings involve not only farmers and their professional organizations, but also traders and agents, who then also get a voice in decisions made to strengthen inclusive vegetable value chains.

Costs of governance meetings

While face-to-face meetings are important, especially to discuss and validate strategies and priority interventions, they can also be costly for actors (in terms of transport, meals and sometimes lodging if the meeting venue is far away). Therefore, 2SCALE encourages grassroots actors to set up mechanisms for long distance communication, for instance, through WhatsApp groups or other instant messaging systems. Such practices are already in use in partnerships in Benin, Mali and Kenya, and are being introduced in others. Through instant messaging, beyond sharing business opportunities and information, stakeholders can also track the progress of field interventions and follow-up on the outcomes of decisions made during a previous face-to-face governance meeting. Levy systems (taking a small deduction on each kilogram of commodity supplied) have also been put in place by some value chain platforms in partnerships, such as pineapple, maize and soybeans in Benin or sesame in Mali; funds obtained from the levy are used to support training and coaching activities, but also to pay governance meeting costs.

Embedding governance structures in public and private networks (like the Benin rice sector institution mentioned above, or value chain platforms), and decentralization and levy systems to cover costs, are key elements of the continuation of governance arrangements and of their evolution in alignment with the evolution of the partnership itself. The confidence and capacity of farmers and other grassroots actors to articulate inputs, acquired through their frequent participation in governance meetings during their partnership with 2SCALE, also contributed to solidifying their agency and deliberative negotiation capacities that serve them in partnership decision-making processes, as well as business transactions.

Conclusions

In one of his well-known quotes, Henry Ford (American industrialist, 1863-1947) states that, "Coming together is a beginning; keeping together is progress; working together is success." To 'work together' with its private partners once they are selected and the partnerships are formalized, 2SCALE made extra efforts to ensure governance mechanisms were explicit and implemented in a systematic, yet flexible way. Beyond business-focused decision-making processes, partnership governance arrangements contributed to improving the inclusiveness of partnerships by involving in the decision-making and monitoring processes smallholder farmers and other key stakeholders, who would otherwise be considered mere beneficiaries. Having inclusive governance mechanisms in place is not a guarantee of success for a partnership, which may be hampered by many other challenges, but without clear and inclusive governance a partnership is not likely to thrive. In its portfolio of 53 partnerships, 2SCALE's strongest partnerships, which are ten to fifteen partnerships, all had inclusive governance arrangements implemented.

Joris Maatman | Alema Koudjis Feed processing factory, Ethiopia

This paper is part of a series in which 2SCALE facilitators and coordinators share their experiences. Contributors: Abalo Adodo, Grégoire Oniankitan Agai, Mathias Ahounou, Geneviève Audet-Bélanger, Tekalgn Ayano, Judith Chabari, Assefa Degefu, François Dossouhoui, Peter Gildemacher, Olugbenga Stephen Idowu, Alhassan Issahaku, Peter Kirimi, Eric Lakoussan, Arnoldus Maatman, Janet Macharia, Douglas Magaja, Jacqueline Ndambuki, David Njenga, Irene Njogu, Francis Nthuku, Thompson Ogunsanmi, Gabriel Olengo, Kwame Pipim, Hiwot Shimeles, Faoussa Tadjou, Addis Teshome, Baba Togola, Mahamane Toure, Youssouf Traore, Niek van Dijk, Ajay Varadachary, Raphael Vogelsperger, Allan Wayira and Bertus Wennink.

2SCALE manages public-private partnerships (PPPs) for inclusive agri-business in Africa. Partnership agreements are developed with companies with inclusive business agendas. 2SCALE offers support services to companies, farmer groups and other relevant stakeholders – enabling them to produce, transform and supply quality food products to local, national and regional markets, including Base of the Pyramid consumers. 2SCALE strengthens the capacity of grassroots and value chain actors, supports innovation and coordinated action, and improves skills to assure effective participation in markets. The focus countries of the programme are Benin, Ethiopia, Ghana, Ivory Coast, Kenya, Mali, Mozambique, Nigeria and Uganda.

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