



EFICAS project

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## Facilitating public-private partnerships that support sustainable land management

*EFICAS workshop, Monday, March 27th 2017, Luang Prabang*

## Outline

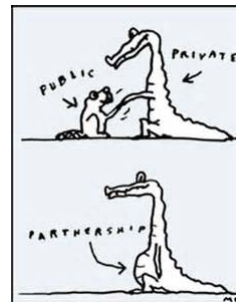
- How to assess Public-Private Partnerships (PPPs) that address sustainable agricultural development objectives?
- The case of agro-forest organic coffee promotion in Samphan district, Phongsaly Province
- The case of soybean cultivation promotion in Kham basin, Xieng Khouang Province



## What is a Public Private Partnership (PPP)?

(<http://www.ncppp.org/ppp-basics/7-keys/>)

- A **contractual arrangement** between a public agency and a private sector entity
- Through this agreement, the **skills and assets** of each sector (public and private) are **shared in delivering a service or facility for the use of the general public**.
- Each party shares in the **risks and rewards** potential in the delivery of the service and/or facility



## How to assess PPPs that address sustainable agricultural development objectives?

Criteria	Assessment/ expected results
▪ The PPP supports the adoption and dissemination of <b>diversified cropping systems and/or agroecological practises...</b>	
▪ The PPP support <b>smallholder farming</b> and <b>community-based agricultural development</b>	
▪ The <b>public benefits</b> anticipated from the partnership are <b>clearly defined</b>	
▪ Investment contributions and <b>risks are shared</b>	
▪ <b>Active roles</b> exist <b>for all partners</b> at various stages throughout the PPP project lifecycle	



## The case of agro-forest organic coffee promotion in Samphan district, Phongsaly Province

- Context (Valakone and Sallée, 2015)
  - Coffee cultivation promoted in Phongsaly Province since 2013
  - PPP with a chinese company: **Changshengda Coffee Company** (<http://csdcoffeecom>)
  - **Strong support from local authorities** (province and district) as coffee was perceived as an interesting pathway towards **poverty eradication**
  - Production objective is high: to reach **11,000 ha** under production
  - Contract farming **2+3 model**
  - Contract duration of **30 years**
  - Producers must **sell exclusively** to the Cie
  - **Minimum price guaranteed** (1,5 Yuan/kg) (~1,900 LAK)



Publicity to promote coffee cultivation. Producers who plant coffee will quickly get this big pile of banknotes (40 million Kip!)



## The case of agro-forest organic coffee promotion in Samphan district, Phongsaly Province

- Context (Valakone and Sallée, 2015)
  - Coffee production model is **imposed** by the Cie (**industrial type**)
    - **High planting density** (5,000 coffee plants/ha)
    - **Dwarf variety** (Catimor)
    - **No shading**
    - **Chemical inputs** to support production
  - Allows fast plant growth and productivity records
  - > Fast development of coffee cultivation (**559 ha for Samphan district**, **> 3,000 ha** at provincial level in 3 years) and high initial enthusiasm (authorities and producers)



Coffee plantation in 2015 in Ban Aseu, Samphan district (Valakone and Sallée)



## The case of agro-forest organic coffee promotion in Samphan district, Phongsaly Province

- Context (Valakone and Sallée, 2015)
  - However an **unsuitable and unsustainable technical system** for northern Laos
    - High **sensitivity to soil erosion and frost** in absence of shade
    - **Soil fertility rapid depletion** and **limited insect fauna** in absence of shading trees
    - **Phytosanitary issues**: die back, twig borer, rust etc.



Typical « die back » of young catimor: the trees are unable to sustain the large amount of fruits with its limite number of leaves: then branches start to degenerate and get dry (Valakone and Sallée)



## The case of agro-forest organic coffee promotion in Samphan district, Phongsaly Province

- Context
  - And an **unsuitable and unsustainable business model**
    - **Intercropping** with annual crops during the early years of coffee growth **is prohibited** by the Cie
    - Company **lacks of treasury** for the cash payment of coffee cherries: farmers were paid in cash for their first harvest in 2015 then received vouchers for payment in 2016
- High **farmers demotivation**:
  - Coffee **plots no longer maintained**, animals left free roaming in coffee plantations, coffee no longer harvested
  - **< 100 ha** (from initial 559) of coffee plantation remaining in 2017 in Samphan



## The case of agro-forest and organic coffee promotion in Samphan district, Phongsaly Province

- Who are the partners?

Public	Private
Central (MAF/DALaM) and decentralized gov (PALaM, District gov and DAFO Samphan)	Private coffee Cie (Saffron)
Research institutions (CIRAD) EFICAS project facilities	Coffee producers from Philaouang and Sanamha villages



## The case of agro-forest and organic coffee promotion in Samphan district, Phongsaly Province

- Saffron (<https://saffroncoffee.com/>)
  - A coffee company created in **2004** and established in Luang Prabang
  - 3 objectives (Saffron's brochure):
    - improve** the **living conditions** of upland producers thank to coffee,
    - conserving the environment** through reforestation and coffee agro-forestry,
    - producing** the **highest-quality** highland Arabica
  - Still **modest size** (so far): 12 T of green coffee/year (70-80 tons of cherries) mainly commercialized in Laos





## The case of agro-forest and organic coffee promotion in Samphan district, Phongsaly Province

- Saffron (<https://saffroncoffee.com/>)
  - Saffron is proactive in coffee production with supplies of young plants, seedlings and technical advice
  - Promote coffee production under agro-forestry and organic schemes
  - Support the organic certification



Above 10m  
5-8m  
2-5m  
Coffee stage  
Grassy floor

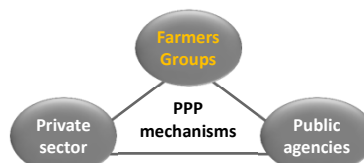


## Role and commitment of the different partners

### ▪ Producers

Respect Saffron **specifications** request

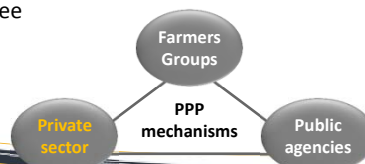
1. Use only **Organic practices**
2. Begin the process of **planting shade trees** for all areas of coffee that we would purchase
3. **Process** their **coffee using the fully washed method** which includes pulping the cherries and washing them to the point that no musilage remains
4. **Process** their **coffee to parchment**. Dried parchment moisture content: **9 to 12% moisture**



## Role and commitment of the different partners

### ▪ Saffron

1. Commit to buying at least **5 tons of Parchment coffee** in 2017.
2. Prices: adjusted according to price in Southern Laos; **minimum price guaranteed** (17,000 LAK/kg of dry parchment).
3. **Train farmers to use the pulper machine, perform the fully washed processing method and dry parchment** to the correct % of moisture.
4. **Provide seed** or starter branches for shade trees; and **perennial peanut** starts for use by farmers.
5. **Provide** some help and **training** in the area of **pruning, organic pest control, harvesting and general plant care.**
6. **Provide bags and sprouts** for farmers to plant coffee nurseries each year



## Role and commitment of the different partners

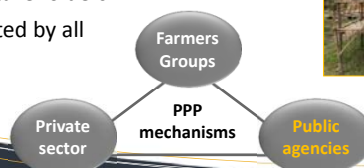
### ▪ District staffs / EFICAS project

1. Provide financial support for coffee inter-row management using **brush cutters**.
2. Train farmers to make **compost and bioinsecticide**.
3. Train farmers and provide financial support and seeds for the establishment of **village tree nursery**
4. Provide financial support for the purchase of small Ag equipment (**pulper machine**, biomass chopper)
5. Train farmers and provide financial support for the establishment of simple **coffee drying facility**



### ▪ District authorities

1. Facilitate exchanges between all stakeholders
2. Insure terms of contract are respected by all parties



## How this PPP at addresses sustainable agricultural development objectives?

Criteria	Assessment/ expected results
<ul style="list-style-type: none"> <li>Agroecological practises</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of <b>agroforestry</b> and <b>organic farming</b> systems</li> </ul>
<ul style="list-style-type: none"> <li>Smallholder farming and community-based agricultural development</li> </ul>	<ul style="list-style-type: none"> <li>Smallholder farming with <b>&lt; 1ha coffee/HH</b></li> <li><b>85%</b> villagers involved in coffee production</li> </ul>
<ul style="list-style-type: none"> <li>Expeded benefits clearly defined</li> </ul>	<ul style="list-style-type: none"> <li><b>Improved livelihoods</b> thank to coffee</li> <li><b>Maintenance of forest cover</b> up to reforestation</li> <li><b>Reduced farmers dependency</b> to external inputs (pesticides, fertilizers)</li> </ul>
<ul style="list-style-type: none"> <li>Shared investment and risks</li> </ul>	<ul style="list-style-type: none"> <li>Initial investments mainly supported by project and Saffron while risk mainly supported by farmers</li> </ul>
<ul style="list-style-type: none"> <li>Active roles for all partners</li> </ul>	<ul style="list-style-type: none"> <li>Saffron: market, technical advisory</li> <li>District: technical advisory, facilitation</li> <li>Project: financial support, facilitation, M&amp;E</li> <li>Producers: implementers</li> </ul>



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## The case of soybean cultivation promotion in Kham basin, Xieng Khouang Province

- Context
  - Land degradation issues and distress diversification
  - Offer vs demand reconciliation need for legume crop production and trade:
    - Producers: “We can produce any crop unless there is a market for it”
    - Traders: « There is a market for legume crop but not for small production levels»
  - Soybean as a **local crop**: used for special events (Hmong), niche market (Tofu production in Phonsavanh)
  - Existing **technical references** and **plant material** in Poa TSC



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## The case of soybean cultivation promotion in Kham basin, Xieng Khouang Province

- Who are the partners?

Public	Private
Central (MAF/DALaM) and decentralized gov (PALaM, District gov and DAFO Kham)	Animal feed processing Cie (XP Trading Company)
Research institutions (CIRAD) EFICAS project facilities	Soybean producers from Leng and Xai-Nadou villages



## The case of soybean cultivation promotion in Kham basin, Xieng Khouang Province

- About XP Trading Company (<http://xptrading.net>)
  - A Lao majority-owned company created in **2008**
  - Objectives:
    1. Establish **Harvest Centers and Post-Harvest Centers** to meet the **drying, storage and feed making needs** of village farmers.
    2. Increase **local production of pork, eggs, poultry and beef** for the local and urban center markets.
    3. Open markets for Lao produced raw commodities, specifically targeting **soybeans**.
    4. Develop a market system that benefits to Lao farmer and feed companies, i.e. develop a large, consistent, domestic market for **concentrate feed** and a demand for **soybeans**.



## Role and commitment of the different partners

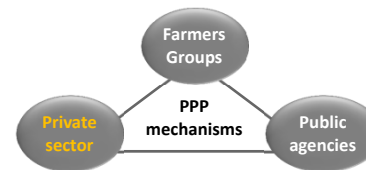
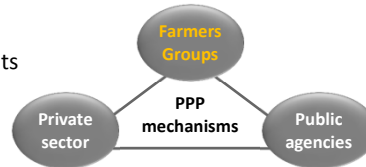
### Producers

Respect XP trading specifications

1. **Select and protect** soybean/legume crops production areas to prevent damages from rodents and roaming animals
2. **Do not use insecticide/fongicide** on harvested grains
3. **Bring harvest** to XP trading mill factory in Khoun district

### XP trading

1. Commit to buying up to **2,000 tons** of soybean in 2017.
2. **Price** at factory (Xkg): minimum guaranteed of **3,500 LAK/kg** for grade A and 3,000 LAK/kg for grade B (2017)



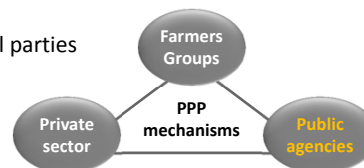
## Role and commitment of the different partners

### District staff/ EFICAS project

1. Provide **financial support** for the **fencing** of legume crop production areas
2. Provide **soybean seeds** the first year and establish **village seeds revolving funds** managed by village communities
3. Provide **Rhizobium** and training on seeds inoculation
4. **Test** different rhizobium brands
5. **Facilitate** links between producers and rhizobium providers
6. Provide **technical guidance** on soybean cultivation and harvest tips (e.g. mechanized threshing of soybean)

### Local authorities

1. **Facilitate** soybean value chain emergence through tax-exemption on soybean trading during the first years
2. **Insure** terms of **contract** are **respected** by all parties



## How this PPP addresses sustainable agricultural development objectives?

Criteria	Assessment/ expected results
<ul style="list-style-type: none"> <li>Agroecological practises</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of <b>N-fixing legume crop</b> that will contribute to soil fertility improvement</li> </ul>
<ul style="list-style-type: none"> <li>Smallholder farming and community-based agricultural development</li> </ul>	<ul style="list-style-type: none"> <li>Smallholder farming with <b>&lt; 1ha soybean/HH</b></li> <li><b>&lt;30%</b> villagers involved (yet) in soybean production (PPP to be started in 2017)</li> </ul>
<ul style="list-style-type: none"> <li>Expeded benefits clearly defined</li> </ul>	<ul style="list-style-type: none"> <li><b>Alternative income</b> to maize (inc diversif.)</li> <li><b>Soil quality</b> improvement</li> <li><b>Reduced farmers dependancy</b> to external inputs (hybrid maize seeds, fertilizers)</li> </ul>
<ul style="list-style-type: none"> <li>Shared investment and risks</li> </ul>	<ul style="list-style-type: none"> <li>Initial investments mainly supported by project while risk mainly supported by farmers</li> </ul>
<ul style="list-style-type: none"> <li>Active roles for all partners</li> </ul>	<ul style="list-style-type: none"> <li>XP trading: market</li> <li>District: technical advisory, facilitation</li> <li>Project: financial support, facilitation, M&amp;E</li> <li>Producers: implementers</li> </ul>



Thank you for your attention!

For more information:

[www.eficas-laos.net](http://www.eficas-laos.net)

