

Focus on Multi-Stakeholder Platforms Lessons learned about their role in IFAD value chain projects

Rural Institutions – Sustainable Production, Markets and Institutions Division



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This lessons learned note is prepared by IFAD's Sustainable Production, Markets and Institutions Division and provides a summary of the lessons learned from the **Stocktake of IFAD value chain projects carried out in 2022**. This note is a "living document" and will be updated periodically. If you have any comments or suggestions, please contact the author.

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Introduction

Multi-stakeholder platforms (MSPs) are one of the most effective tools promoted by IFAD for pro-poor value chain governance. The term encompasses all the formal or informal frameworks in which representatives of the different links in a value chain meet, coordinate and make decisions in the interests of all. Many terms are used to designate these multi-stakeholder platforms: in English-speaking countries, they may be called "cluster", "board", "innovation platform", "value chain platform", "consortium" or "forum". In French-speaking countries, these platforms are often called "interprofessions" or "interprofessional organizations".

These organizations can take many forms depending on the composition of the actors, their missions, the products concerned, the territory covered, and their formal or informal nature.

Most often, multi-stakeholder platforms have three main functions:

1. **Marketing:** organizing the meeting between supply and demand, promoting commercial links between different actors in a value chain, negotiating contracts, accessing financing.
2. **Interlink dialogue:** improving socioeconomic relations between the different links in a value chain and seeking solutions to common problems, agreeing on quality standards, prices, logistics standards, and setting up dispute settlement mechanisms.
3. **Political dialogue:** facilitating relations between industry players and public authorities, and influencing public policies in a way that favours the development of the industries concerned (through regulations, infrastructure, taxation, research and training, etc.).

This lessons learned note is part of IFAD's 2022 review of value chain projects in relation to farmers' organizations (FOs) and their role in MSPs. The aim of that exercise was to examine the strengths and weaknesses of IFAD's support to MSPs in a selection of 10 projects. The information contained in this lessons learned note is based on a synthesis of the report, which combined a literature review and operational documentation available on each of these projects.

Main missions of the multi-stakeholder platforms listed in the 10 projects studied

- **Establish business relationships between different actors of the value chain** (7 projects): for example, between producers and buyers, through arrangements on prices, production volumes, deadlines and quality standards.
- **Promote access to credit for stakeholders** (6 projects): negotiate more favourable credits for producers or facilitate marketing through the provision of credits for buyers (to organize collection, for example).
- **Strengthen the capacity of actors to market products, in particular FOs** (5 projects).
- **Identify and solve problems common to all the links in the value chain** (4 projects): for example, carrying out shared diagnoses and formulating solutions in partnership with the public authorities and technical and financial partners.
- **Provide dispute resolution mechanisms between trading partners** (2 projects).
- **Protect the interests of the actors in the value chain and advocate with the public authorities** (2 projects).

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Context and challenges

Two main approaches to MSPs

There are two main approaches to MSPs.

In the institutional approach, an MSP is set up at the national level and recognized by the public authorities, and the decisions made are valid for all actors working in the value chain throughout the country. It is a form of "government" of the value chain, which is required to be maintained in the long term and to function according to well-defined legislation. Consequently, the representatives of the value chain links (or professional categories) that are part of the MSP are supposed to be democratically elected through a bottom-up process and perceived as legitimate.

In the business-oriented approach, MSPs are instead set up at a local level and often in an informal manner. Their main function is to facilitate relationships between actors in a specific territory in order to promote commercial partnerships. The institutional approach is more common in French-speaking African countries, while the business-oriented approach is more common in English-speaking African countries.

Main differences between the two major MSP approaches identified

"Institutional" approach <i>"Interprofessional framework", "Board"...</i>	"Business-oriented" approach <i>"MSP", "cluster", "consortium"...</i>
National level	Local, regional level
Political vocation (setting standards)	Commercial vocation (doing business)
Formal institution	Informal groups
Official recognition	Project instrument
One MSP per value chain	Several MSPs per value chain



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Comparison of approaches

In general, **"institutional" platforms**, when they develop in a favourable environment, are more likely to continue after the end of the project with real prospects of influencing agricultural policies related to the value chains. In some countries, MSPs can also benefit from sustainable financing mechanisms, for example the "inter-professions" in Senegal and Côte d'Ivoire, which benefit from the resources of parapublic funds such as the Fonds National de Développement Agro-Sylvo-Pastoral (FNDASP) and the Fonds Interprofessionnel pour la Recherche et le Conseil Agricoles (FIRCA).

On the other hand, **"business-oriented" platforms** may be perceived as more operational by the actors in the value chains. Their informal and local character gives them a greater capacity to adapt to the needs of the actors and to offer immediately perceptible services, which seems to protect them more from power and positioning issues. However, they are less likely to continue beyond the projects and to influence public policies insofar as they appear to be instruments for the implementation of projects at the local level.

Rather than promoting one approach to the detriment of the other, it would be beneficial to combine the best of the two approaches: on the one hand, to encourage institutional platforms to develop more local, sometimes informal, actions and to be grafted onto territorial economic dynamics, and on the other hand, to encourage local commercial platforms to structure themselves better and at higher levels, to progressively seek official recognition, areas of influence and prospects of sustainability.

Overview of MSP results in the selected projects

- The construction of an ambitious commercial partnership between Olam and FOs in Nigeria through the Commodity Alliance Forum.
- Improving prices and strengthening the bargaining power of FOs through the Gum Arabic Board in Sudan (following the liberalization of the value chain).
- The implementation of several innovative services to support FO/market operator partnerships in Senegal: in particular, support for contracting, quality control, arbitration in case of disputes, etc.
- Improved income for the most vulnerable producers and increased market share for traders through the 12 clusters created in Montenegro.
- A steady increase in transactions between buyers and FOs and consortium agreements allowing the development of financial products more adapted to needs through 12 consortia in Tanzania.
- A promising dynamic around the creation of the Banana Interprofession by the actors of the value chain themselves in Burundi following the initiative of the national FO (Confédération des Associations des Producteurs Agricoles pour le Développement – CAPAD).

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Key lessons learned in supporting multi-stakeholder platforms

Lesson 1: MSPs require a context of strong demand for the product

The success of an MSP is often a function of the characteristics of the product chosen and the market configuration. For example, demand must be strong enough to create a balance of power in favour of the producer when prices are negotiated. Similarly, there must be buyers near the FOs who have an interest in working with family farmers, and the market must not be dominated by a handful of buyers who determine prices and purchasing conditions. It is also important that the government is prepared to support the value chain actors in setting up rules to fight against possible abuses. Finally, for an MSP to function well, a degree of interdependence between value chain actors is necessary. In Benin, for example, the rice value chain is characterized by a strong relationship of interdependence between producers and processors (rice mills). In contrast, in the maize value chain, production is abundant and buyers think they can act without consultation, which is perceived as superfluous and costly.

Minimum conditions for the formation of an MSP (according to an IFAD project in Montenegro)

- Clearly defined market demand for the targeted products, sufficient to absorb the increase in production that will result from the investments made by the project.
- Downstream actors interested in joining the dynamics in the corresponding geographical area.
- Interest and capacity of local farmers and small and medium enterprises to develop and increase production.

In sum, there must be credible potential for the inclusiveness of poor farmers, strong competitiveness of the product (so that the value chain can survive) and a very good match with market demand.



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Lesson 2: MSPs need strong FOs

The most frequent challenge faced by MSPs is directly linked to the function of commercial intermediation and support to contractualization. Indeed, FOs capable of organizing large group sales, and of committing to prices based on figures, to production volumes, to deadlines, and to quality standards, are necessarily FOs with a high level of maturity and professionalization. However, the FOs targeted by IFAD projects are often not at this level and have difficulty in respecting their commitments (for example in Cambodia, Nepal, Senegal, Sudan and Tanzania).

Lesson 3: MSPs need committed buyers and microfinance institutions (MFIs)

Another frequent challenge concerns the buyers and the financial institutions: it is often difficult to identify actors capable of playing a significant aggregation role in food chains because the agro-industrial network is lacking. Similarly, downstream actors and financial institutions are often reluctant to enter into commercial or financial partnerships with family farmers and their organizations because they consider FOs to be insufficiently reliable and professional. Finally, some crops are considered too risky (as shown by the examples of rain-fed agriculture in Tanzania or seed potatoes in Montenegro). In Nigeria, on the other hand, the success of the Commodity Alliance Forum was strongly linked to the commitment of Olam, which had established good relationships with small producers, and to the significant involvement of MFIs in the process.

Lesson 4: MSPs require a high degree of trust between actors

All too often, MSPs do not achieve the desired results because producers and buyers do not know each other, distrust each other and have no real desire to collaborate. For an MSP to work, it is important to have a good level of structuring of each of the links involved, a high degree of trust between the actors, and an ability of the actors to propose collective solutions that cannot be provided individually. Trust between the links is often cited as a key success factor in the projects studied and activities that bring actors together and workshops on finding common ground as a form of conflict prevention/resolution are needed.

Lesson 5: MSPs need technical and financial support from public authorities (especially local authorities)

Another recurrent challenge is the insufficient involvement of public authorities coupled with the lack of competencies of the technical services, and chambers of agriculture or commerce, which play an important role both in the facilitation of MSPs and in their technical and financial sustainability. The comparative study of MSPs in francophone and non-francophone countries clearly shows the extent to which the degree of involvement of the authorities can be a determining factor in the future of MSPs and in the implementation of the proposals that emanate from these consultation forums. Indeed, the rare MSP experiences that last beyond the projects are generally mechanisms that are integrated into national institutions.

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Recommendations to facilitate the development of MSPs

Main challenges and recommendations cited in the projects studied

Functions	Main challenges	Main recommendations
Marketing	<ul style="list-style-type: none"> - Lack of motivation of the private sector to enter into the dialogue - A production perceived as too risky 	<ul style="list-style-type: none"> - Set up incentives to motivate the downstream actors of the value chains - Introduce price discovery mechanisms
Interlink dialogue	<ul style="list-style-type: none"> - Insufficient capacity of FOs to meet their commitments - Lack of trust between the links 	<ul style="list-style-type: none"> - Strengthen the capacities of FOs to enter into contractualization - Initiate consultation in the value chain through social mobilization - Monitor compliance with agreements after the consultation phase and provide a dispute resolution mechanism
Political advocacy	<ul style="list-style-type: none"> - Lack of political influence of platforms - Lack of competence or insufficient involvement of local authorities 	<ul style="list-style-type: none"> - Strengthen the capacity of local authorities to facilitate dialogue between stakeholders - Promote parallel structural policy reforms to support the development of the value chain



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At the project design stage

Proposal 1: Seek indicators for monitoring and evaluation of projects adapted to the context of the value chains and the informal economy

How to do it?

- Take into account the full context of the value chain: the state of supply and demand, the degree of maturity of FOs, the interdependence of actors, the political interests at stake, etc.
- For example, avoid indicators such as "the number of formal contracts reached" or "the number of formalized MSPs" and prefer qualitative indicators or trigger criteria in contexts where the economy is largely informal and the consultation process is incipient.

Proposal 2: Provide financial incentives for downstream actors

How to do it?

- In the project in Montenegro, several financial incentives were put in place: quality premiums were offered by the municipality at the milk collection centres; a commodity chain fund provided investment opportunities that benefited producers (milk collection centres, slaughterhouses, cold chain, etc.).
- Where possible, consider extending financial support to agribusinesses and traders within MSPs. For example, funding for product collection and consolidation may be essential to ensure that volumes are traded.

Proposal 3: Ensure the ability of FOs to engage in commercial negotiation

How to do it?

- Link to the project both FOs of a high level of maturity and FOs of a more modest level in order to be able to meet buyer requirements (such as quantity, quality, delivery times) in the short term, while monitoring weaker FOs to see if this has the effect of increasing performance.
- Plan to support the less mature FOs with a significant proximity monitoring system. Formal or informal contractualization is very demanding and requires multiple skills on the part of FOs in terms of technical, accounting, economic and logistical aspects. The producer support system must be integrated into the FOs and distinct from the services offered by the MSP to avoid confusion of roles between the FOs and the MSPs.

During project implementation

Proposal 4: Adopt a progressive approach to the implementation of MSPs, with a focus on social animation beforehand

How to do it?

- The approach of the project in Montenegro in terms of support to MSPs can serve as a model: the first stages were more oriented towards social aspects, mapping and mobilization of stakeholders in the value chains. Then, the more the platform matured, the more it focused on economic and marketing aspects.
- Insist on mapping the actors before starting an MSP. This step is sometimes neglected, even though it is crucial for the rest of the project: carried out carefully, it helps to promote inter-knowledge between actors, to understand power games, and to identify natural leaders, if possible known and respected resource persons, to whom facilitation tasks can be gradually delegated.

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Proposal 5: Ensure that MSPs provide real economic services to stakeholders

How to do it?

- Involve financial institutions in the MSP's thinking. It is important not to neglect the banks and MFIs in an MSP round table, as they often hold the key to sustainability and are decisive levers for developing the value chain. In Tanzania, for example, consortium agreements have allowed financial institutions to develop financial products that are better adapted to the needs of the actors.
- Introduce price determination mechanisms, where appropriate, such as the Commodity Alliance Forum in Nigeria, based on the current market price and direct negotiation between the company and farmers. This mechanism has been found to successfully promote transparency, trust and producer/buyer relationships, and has stimulated the involvement of private sector operators in agriculture. A pricing mechanism based on an information system (called "Yéglé") and reference markets has also been successfully implemented in Senegal and carried out by the national inter-professional commodity framework (Cadre National Interprofessionnel de Filière du Sénégal - CNIF).
- Monitor compliance with agreements after the consultation phase. Many projects facilitate the linkage between FOs and buyers but discontinue support after the contract is signed. However, major obstacles may be encountered after the signature (non-compliance with a particular clause of the contract by one or other of the protagonists). Monitoring the proper application of contracts over time, and possibly setting up a system for settling disputes (see the Agricultural Value Chains Support Project [PAFA] in Senegal) are possible avenues.



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Before project completion

Proposal 6: Ensure that MSPs progressively gain political influence

How to do it?

- Involve public authorities in the development of MSPs, at the time of prior reflection and during consultations, to strengthen their political influence. Several MSPs supported by IFAD projects have suffered from not having enough influence on government decisions. Greater involvement of the authorities could have offered prospects for sustainability and scaling up.
- Plan to train local authorities in facilitating dialogue between stakeholders in the value chains. An MSP can be a good entry point to initiate reflection with local or national authorities on sustainable territorial agricultural development.

Proposal 7: Ensure the financial sustainability of MSPs

How to do it?






- Strengthen reflection and exchange of practices on sustainable financing mechanisms for MSPs. An MSP becomes viable and sustainable only when it has a solid and autonomous financing mechanism or when it benefits from significant government support over time. There are promising experiences in financing interprofessional approaches in Côte d'Ivoire (FIRCA model), which should be supported, strengthened and further popularized within IFAD project implementation teams.
- In addition to public funding, develop strategies for mobilizing internal resources at the value chain level, such as those developed within the national interprofessional commodity framework in Senegal, including membership fees and dues, payment of contract monitoring services, profit margins on the activity of a central packaging plant and input supply.

Common mistakes to avoid in support of MSPs

- Underestimating the obstacles to collaboration between actors linked to the context of the targeted value chains (political interests at stake, economic power relations, weak interdependence between actors).
- Underestimating the essential nature of the social mobilization work required upstream of the economic consultation (creating confidence, structuring the links).
- Wanting to formalize MSPs too quickly when the actors are not yet mature - in particular by ignoring the level of structuring of the professions.
- Building the MSP "from the top down" without starting from the needs expressed in the field.
- Choosing representatives of stakeholders who are not perceived as legitimate in the bodies set up (taking insufficient care at the stakeholder mapping stage).
- Produce analyses and make decisions for the value chain in place of the stakeholders.
- Wanting to solve all the problems of the value chain without prioritizing realistic and feasible actions within the duration of the project and with the means available.
- Failing to follow up on the proper implementation of agreements between the actors once agreements have been reached.
- Making the MSP an instrument of the project without prospects of sustainability.
- Not involving local authorities in the consultation process.



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