

Intervention:	GESOREN: Cooperation with the private sector
Country:	Ecuador
Date:	2003 – 2006 (Cooperation with the private sector within this period have been subject to an evaluation)
Objectives:	Improve market access for small-scale farmers with organic products of superior quality
Approach of the Intervention:	<p>Integrated into the national program to promote exports as also the national agricultural strategy, GTZ supports the integration of small-scale farmers in international markets with the value chain approach. The interventions take place on macro (advice for developing new sector strategies, quality improvements), meso (promotion of services in extension, education and financing) and micro level (organizational development, support of certification processes in environmental and social standards, market integration of producer organizations).</p> <p>The close collaboration with the private sector is an important conceptual element, not only through the high number of PPP measures with national and especially European enterprises, but also by integrating stakeholders and panels into almost all of the projects activities.</p> <p>The value chain approach focuses on establishing alliances between the various stakeholders of the chain, in order to achieve common goals. Necessary interventions are designed together with other development agencies, private and public stakeholders. Via panels on regional and national level activities are planned, implementation is monitored and results are analyzed jointly.</p>
Benefits and Impacts:	<p><u>In general:</u> The implementation of projects jointly with the private sector has been very successful, mainly because of achieving rapid results, increasing efficiency, maximizing impacts and middle and long-term sustainability.</p> <p><u>Mobilization of resources for development:</u> In addition to the 846.000 US\$ funds of GTZ, the private sector contributed 1.310.000 US\$, and 359.000 US\$ were contributed by third parties.</p> <p><u>Achievement of results:</u> In comparison with general result achievement of GTZ in Ecuador (70%), the cooperation projects with the private sector have been more effective (95%).</p> <p><u>Impact achievement:</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Increases of average family income by 72%</li> <li><input type="checkbox"/> Out of 20 cooperation with the private sector, 13 are integrated in the value chains, forming a long-term base for trade relations; in 10 cooperation services within the value chain have developed</li> <li><input type="checkbox"/> 14 new products have been introduced on international and national markets</li> <li><input type="checkbox"/> the area of (ecologically) certified production has increased by more than 10% (increase of 4259 ha to altogether 41660 ha)</li> </ul> <p><u>Sustainability of the cooperation:</u> Commercial interests have been successfully linked with development objectives, which led to a win-win situation. This situation ensures a long-term commitment of the involved actors for projects, thus their sustainability and impacts.</p> <p><u>Perception of the private sector:</u> The private sector actors confide in GTZ's knowledge, experience and expertise, and expressed, that the cooperation with GTZ has been very valuable for establishing the cooperation along the value chains, as also to minimize risks of misdirected investments. 100% of the private sector representatives explained that without GTZ's support they would not have established the cooperation.</p> <p><u>Incorporation of other actors:</u> The strategy of cooperating with the private sector is not exclusively limited to private partners, GTZ and a third</p>

	<p>beneficiary. The strategy aims at broadening cooperation by integrating also new partners, such as foundations, NGOs, guilds and other agencies. This has generated additional funds, knowledge transfer and increased the sustainability of the alliances.</p> <p><u>Cost –Benefit:</u> The conducted evaluation reveals that the cost-benefit relation for the formalized cooperation (under the PPP instrument) as also within the facility, is bigger than 1 in the period of implementation. This indicates that the projects of high impacts and short time.</p> <p><u>Reduction of costs:</u> The strategy permits savings for the different actors within the value chains. The strategy permits the balancing of interests of all parties in a efficient way (regarding the transfer of know-how and technology). This would not succeed in isolated projects.</p>
Lessons learned:	<p><u>Commercial interests and corporate social responsibility:</u> Commercial interests to establish cooperation under the instrument of PPP and co-financing mechanisms are existent; this is clearly demonstrated by the growing numbers of public-private cooperation.</p> <p><u>Utility of focusing on special markets:</u> GTZ's experience in Ecuador indicates that it is easier to establish alliances with the private sector when the commercial focus is related to the access to special markets.</p> <p><u>Experience generates opportunities for new alliances:</u> The importance of appreciating non formalized alliances with the private sector is based on the impacts when formalizing the cooperation with the agreement of the private sector. Generally, this is the next step for non formalized cooperation. On the other side, the cooperation generates interests of other enterprises, and facilitates the creation of new contacts, which can mobilize fresh resources for development.</p> <p><u>Win-win situation:</u> The implementation of public-private alliances is a win-win situation which is attractive to both, small and big enterprises, and offers opportunities to connect the target groups to national and international enterprises.</p> <p><u>More beneficiaries compared to normal cooperation:</u> The cooperation with the private sector contributes to a higher level of result-achievement and project sustainability, basically because of the win-win situation. Furthermore, in the case of PPP the risk can be shared between the development agency and the private sector which turned out to be very effective when setting up a project.</p> <p><u>A local presence is indispensable:</u> An effective implementation of the cooperation can only be guaranteed, when a local presence of the private sector or a third actor on local (project) level is existent. This presence is important, regarding the role of a local executive of the project who overtakes the responsibility for the project. A local actor can also fulfill this role when maintaining a linkage to the enterprise.</p>
Wider application:	The value chain approach is implemented by GTZ in numerous countries in East and West Africa, South-East Asia and Latin America.
Implementing agency & partners	<p>Program GESOREN (GTZ), IADB, USAID, CIDA, SDC, CCCC,</p> <p>Café: Interamerican Coffee (int.), Heissenberger (Austria), Echange Equitable (Francia), Ultramares-El Café (Ecuador) y Max Havelaar (Francia) y FLO (int.)</p> <p>Cacao: KAOKA (Francia), Carrizal-Chone SA (Ecuador), Kraft-Foods (Int.), FELCHLIN (Suisza), PRONATEC (Suiza), ICAM (Suiza), Weinrich-Vivani (Alemania), GEO Schützt den Regenwald (Alemania), Martinetti (Ecuador), COFINA (Ecuador), Max Havelaar (Francia)</p> <p>Banano y variedades: Fruta del Pacífico (España) y FRUXOTIC (Alemania)</p>
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