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# 4P+ - Advancing producer-private-public partnership

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**Abstract**
Market-led solutions have been advocated as a solution to the myriad of problems that smallholders face. This paper discussed Public-Private Partnership (PPP), Market for Poor (M4P) and Public-Private- Producer Partnership (4P) models. Though all the three named models have advantages, they however, do not adequately address the need and expectation of the producers. Hence, 4P+ model (producer-private-public partnership) is proposed where the producer organization is the main driver. The steps for operationalization of 4P+ model is also illustrated. A major challenge for 4P+ is the lack of robust producer led organizations.

**Keywords:** Partnership, producer organizations, new paradigm, 4P+

## Introduction

Since the United Nations Millennium Declaration in 2000, followed by the United Nations Sustainable Development Goal, there is a renewed emphasis on making the markets for the small holders and poor (World Bank, 2003; Meilhlbradt, 2005; Committee of Donor Agencies for Small Enterprise Development, 2001) [14, 11, 4]. There is a plethora of approaches to harness market forces in favor of small holders. In this we will discuss about Public-Private-Partnership, Market for Poor (M4P) and Public-Private-Producer Partnership(4P) and suggest a new paradigm for New Public-Private-Producer Partnership which have labelled 4P+.

PPPs are broadly understood collaboration between public-private agencies in which they jointly develop products and services and share risks, costs and resources which are connected with these products and services (Van Ham and Koppenjan 2001) [12]. There was significant increase donor assistance for public–private partnerships (PPPs) from the 2010s which resulted in an enabling environment to mobilize private funds, especially in developing Asian countries with relatively large economies such as China, India, Indonesia, the Philippines, Thailand, and Viet Nam (Endo and Ram, 2021) [6]. The World Bank's Private Participation in Infrastructure (PPI) Project Database shows that there have been total investment in 2019 was $96.7 billion across 409 projects. The predominant form of PPPs took the form of a concession-type contract with variations in the roles of the public and private partners, such as design– build–finance–operate (DBFO), build–transfer–operate (BTO), and build–operate–transfer (BOT) (Bayliss and Van Waeyenberge 2018; Yescombe 2007) [2, 13]. Many of the PPP models have failed to generate revenue to pay back the loans increasing stress on the domestic economy. Another criticism of PPP model is that have not favored the small producers because of its obsession with infrastructure creation controlled by the government and financed partly by private businesses and foreign capital.

The Market for Poor (M4P) is an approach to make markets work for the poor. The underlying assumption is that by correcting distortions in the market system, and strengthening the inclusion of petty producers, the poor too can reap large scale lasting benefits (Gibson, 2006) [8]. This approach utilises systems analysis as a means of diagnosing and addressing the constraints that face poor and marginalised communities in improving their power and influence within markets. The market systems approach analyses functioning of regulators, private market actors, individuals and formal and informal rules, cultural and social norms in order to have a complete understanding of the underlying constraints that limit the participation of poor people.

M4P is a problem-solving process that breaks down a system into its component pieces before arriving at solutions that can address the problem of market distortions. SDC (Elliot, 2006) [5], DFID (Albu, 2007).) [1] and ILO (2005) [9] have been strong advocates of M4P. M4P begins with scoping studies to identify problem of interest, and then drills down analysis to explore the systemic reasons that explain organisational behaviour, the core supply and demand-side factors (information asymmetry and service disruptions) that cause market failures (Gibson, 2006) [8]. The solutions advocated often consist of improving physical connectivity through road network, renovating existing or building new market places, improve flow of consumer information and education campaigns, persuading and incentivising banks and microfinance to lend more to the poor, and strengthening government's capacity to enforce land ownership rights and regulation against usury. The M4P approach have had success in backward area development area programs. The ongoing SDC supported Making Markets Work for the Chars (M4C) implemented by Ministry of Local Government and Rural Development (LGRD) and Cooperatives, Government of Bangladesh (GoB) is an example of broader M4P approach (Swisscontact 2023) [10].

Since the mid-2010, IFAD has promoted public-private-producer partnership (4P) approach. The producers are central in agricultural and livestock value chain, but often excluded from decision making process. The 4P approach, popularised by the International Fund for Agriculture and Development (IFAD) is a locally implemented approach through national governments stresses strong inclusion of local (sub-national) governments, private companies and producer organisations as equal partners. 4P approach calls for a vision on sustainability post-project by capacity building for public institutions on the way markets function and how market players think and act different from public services (Campagni *et al* 2016) [3]. The 4P approach stresses the importance of focusing particularly on price-discovery mechanisms in procurement, close monitoring of contractual performance, clear terms and conditions payment, training, technical assistance, financing of producers and producer organisation, and marketing of their outputs of producer organisations. There are at least five families of public private partnership as observed in Bangladesh\ (see Box 1). There are significant challenges in operationalising 4Ps in the livestock and dairy sector. A 4P is not a panacea for all the public sector's funding and infrastructure problems and 4Ps are not always the most appropriate procurement option. Experience from Ghana, Indonesia, Rwanda, Uganda and Bangladesh suggest that most of the complexities in 4Ps can be minimised under certain circumstances and through careful management of 4P design ((Camagni, & Ketting, 2016, pp. 25) [3]. IFAD projects are driven by seconded and retired government officials who are risk averse, less innovative and often lack flexibility to respond to changing circumstances. There is also not sufficient investment in building producer organisations which is key to success of 4P model. Producer ownership to many 4P initiatives have plagued their after-project sustainability.

**Box 1:** "Families" of Public–Private- Producer Partnerships in Bangladesh

**At least five "families" of public–private-producer partnerships can be discerned in Bangladesh:**

1. Government-producer cooperation for joint production and risk sharing—an example of this institutional cooperation is the Milk Vita cooperative sponsored by the Government of Bangladesh and owned by primary milk cooperatives.
2. Long-term infrastructure contracts that emphasize the tight specification of outputs in long-term legal contracts, as exemplified by the contracts between private parties and the Government to build, operate, and transfer greenfield roads, ports and other infrastructure projects in Bangladesh.
3. Government programmes in which loose stakeholder relationships are emphasized (FAO, 2004, pp. 34). Several Government programmes have partnered with farmers associations (e.g. Bangladesh Farmers Association, Bangladesh Dairy Association etc), national and international NGOs (Brac, ASA, CARE, Action Aid, Asian Farmers Association etc) to deliver activities and training and extension services.
4. NGO and community development in which partnership symbolism is adopted for social inclusion, as in Palli Karma-Sahayak Foundation (PKSF) interventions in the country.
5. Economic development in Char and Sundarbans, for example, a portfolio of area-specific economic development and climate mitigation measures are pursued by multilateral and bilateral development institutions encompassing national government, market players and local producers.

## New paradigm: 4p+ model

Of the 3 market solution models discussed in this paper, 4P language is most producer centric. However, its central weakness remains control by public agencies, and weak foundation of producer organizations. We therefore, suggest a paradigm shift by making the producer organization the very raison d'etre of the development activity. The 4+ model has following attributes:

- It is producer-private-public partnership (in that order)
- To achieve economies of scale and attract talent, the producer organization will have a three/four tier administrative structure – local, district, State/province and national.
- The producer organization is registered as a non-dividend paying company.
- Only producers will be shareholders of the company.
- The General meeting of the shareholders will exercise the sole right regarding matters such as approval of annual accounts, payment of dividend, appointment of Board of directors and appointment of the auditor as well as their remuneration.
- The board of directors at national level will comprise of 21 members: 10 being duly elected representatives of producers at state level, 6 private sector representatives, 5 government representatives. A maximum of 5 persons from banks, financial institutions and individual experts will be coopted by the Board of directors as non-voting members.
- The tenure of the Board of directors will be a maximum of 3+2 years. 1/3 of the members will retire every year after the 3rd year of company's existence.
- The CEO of the company will be an ex-officio member.

- The source of finance of the producer organization are members paid up capital, donated shares by donor and philanthropic bodies, grant-in-aid from national and state government, debt from banks and financial institutions.
- The Board of directors will ensure that all goods and services of the company are co-created with concerned stakeholders and benefits are co-shared.
- All goods and services are produced in a manner that is socially equitable, economically viable, and environmentally friendly.

The difference between tradition 4P model and innovative 4P+ model is illustrated in Table 1 below.

**Table 1:** Comparison between'4P' and '4P+' Model

| Indicators | 4P | 4P+ |
|---|---|---|
| Ownership | National government ownership, yes; but weak local government and producer ownership. | Producer organisations |
| Drivers and facilitators | Public sector as the driver and private sector and producer organisations as junior partners. | Producer organisations are the main drivers, private business and public agencies are collaborators. |
| Role of partners | Public agency: (a) Policy and (b) Business environment facilitation.<br>Private agency: (a) New technology, (b) Investments (c) Market facilitation.<br>Producers/ Producers Group: (a) Supply of raw materials | Producers organisations: (a) Supply of raw materials, (b) basic processing, and (c) Cocreate the market.<br>Private agency: (a) New technology, (b) Investments (c) Market facilitation.<br>Public agency: (a) Policy and (b) Business environment facilitation. |
| Procurement | Standard public procurement | Mix of public procurement and community procurement |
| Focus | Creation on infrastructure or assets | Delivery of services |
| Financing mix | Government/Public agency and private agency | Government, private and producers/producer groups |
| Technology transfer | From government to private | From private to producers |
| Benefit sharing | Skewed toward government functionaries | Skewed towards producers and producer groups |

**steps for 4P+ operationalization**

4P+ process will be led by the national producer organization. Figure 1 explains steps necessary for operationalization of 4P+ projects. Step 1 is a scoping process and may include literature review and seeking insights from experts through key informant interviews. Once the problem has been identified, public consultation with key stakeholders is held to scan all possible solutions to identified problems. A public consultation usually involve notification (to publicize the matter to be consulted on), consultation (an open and candid exchange of information and opinion), as well as participation (involving interest groups on identifying problems and ways to resolve them.

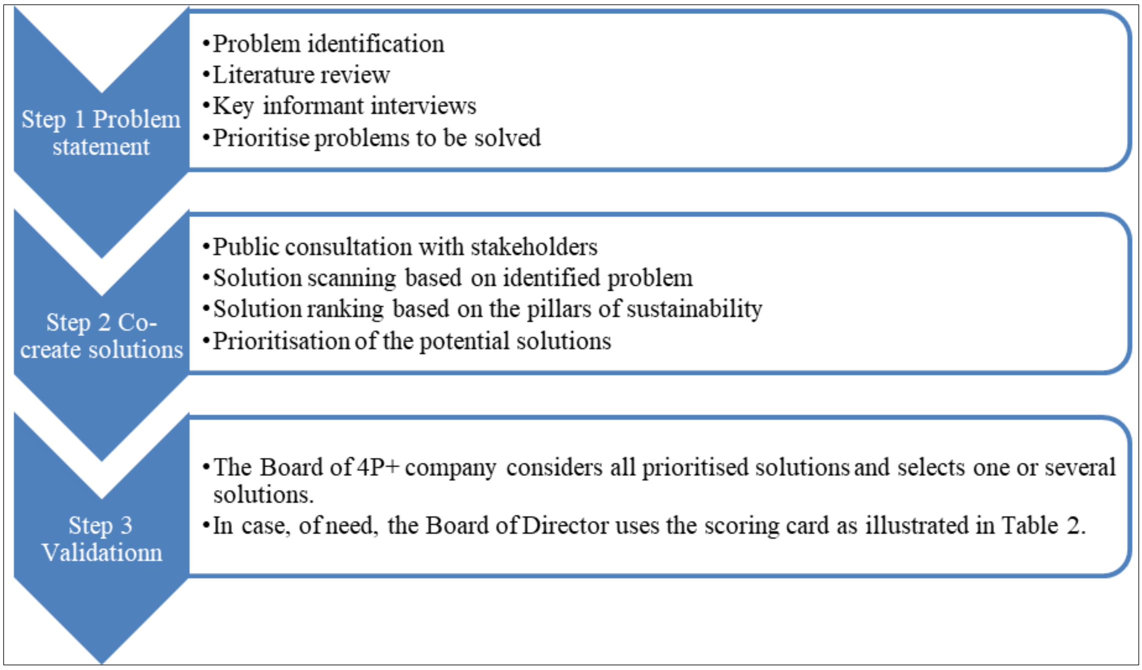


**Fig 1:** Stepwise Operationalisation of 4P+ Model

In step 2, public consultation is held to priorities potential solutions. The consultation process is likely to come up with a simple statement of prioritized problems and solutions as indicated in Table 2.

**Table 2:** Indicative list of potential solutions for sustainable livestock

| Sl. No. | Prioritized Problem | Prioritized solution |
|---|---|---|
| 1 | Lack of marketing | Tie up with marketing companies Investment in digital marketing platforms<br>Setting up dairy hubs<br>Develop value added products |
| 2 | High price of concentrated feed | Bulk buying of feed<br>Setting up of feed mills under private -producer arrangement |
| 3 | High animal mortality | Vaccination, and deworming<br>Purchase agreement with veterinary hospitals/clinics for timely treatment<br>Livestock insurance bundled with crop insurance |
| 4 | Lack of finance for purchase of new and improved breeds | Credit from banks and MFIs (working capital, loans for purchase of animals etc.) |
| 5 | Lack of infrastructure | Construction of warehouses<br>Construction of chilling and refrigeration units<br>Purchase of transport vans |
| 6 | Climate change adaptation and mitigation | Introduce feed mix which leads to lower methane emission<br>Produce for local consumption (boost to circular economy)<br>Use renewable energy, wherever feasible |

In step 3, the board of directors makes conscious choice of prioritized solutions. The board of directors may use a scoring card to gauge opinion of directors present. For illustrative purposes a scoring tool is presented in Table 3. The score sheet is an objective input to the Board's decision making, but decisions should not be made purely on the basis of scores.

**Table 3:** Score Card for Selection of Project Interventions

| Sustainability considerations | Explanation | Score |
|---|---|---|
| **Technical** | | |
| Time lag between planning and operation | Shorter the better. | |
| Track record of chosen technology | Proven technology with strong after sales service is desirable. | |
| Availability of inputs (labor, raw material, power) | Sure, and steady supply of input is of fundamental importance. | |
| **Economic and financial** | | |
| Return on investment (ROI) | ROI of the project must be over risk free market rate of Government bonds. | |
| Breakeven period | Shorter paybacks mean more attractive investments than longer payback periods. | |
| Marketing tie-up | Marketing collaborations with multiple parties are a big positive for any project. | |
| **Social and political** | | |
| Support from government and elected representatives | Public endorsement from different layers of government shows general acceptance of the project. | |
| Jobs created | Creation of local jobs is a means to creative a positive impact. | |
| Women empowerment | The share of women employment in the total employment created is an indication of women's participation at the project level. | |
| **Environmental** | | |
| Effects on land and wildlife | At the minimum, no harm to the environment. | |
| Greenhouse emission | Minimizing greenhouse emission is desirable. | |
| Water footprint (quantity and quality) | Minimizing water footprint is preferred. | |
| Total points scored | | |
| Max Score | | 60 |
| Total points scored as a % of Max Score | | Xx% |

Legend: Very good 5, Good 4, Acceptable 3; Poor 2; Very poor 1

## Conclusion

This paper reviewed 3 leading market-led development models namely PPP, M4P and 4P and found that they lack producer centricity. An alternate model called 4P+ is proposed to bring the producer organization as the center or market led solutions. A major challenge for the successful operationalization of 4P+ model remains lack of strong producer organizations. The mobilization of producers, identification of viable business, nursing and handholding of producer organizations is a time-consuming affair requiring 8-10 years of involvement. It remains to be seen whether national governments, philanthropic foundations and donors are willing to make the long journey.

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