

## Transforming Lives through Public-Private Partnerships

SUCCESS STORY

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### In Brief

New USAID-supported vanilla cooperative illustrates successful public-private partnership that has mobilized ideas and resources for economic growth and improved livelihoods. The partnership has created \$15 in export for every \$1 of USAID investment. It is transforming lives by enabling a secure business environment for Malagasy farmers. This has led to increased wages and greater export of quality vanilla from Madagascar to the U.S.



Above, Velonafy Rene, a vanilla farmer in Doany whose life has been transformed out of the vanilla business.

Madagascar's vanilla industry contributes to 10 percent of the country's exports and supplies 80 percent of the world's natural vanilla. In the north of the island, where vanilla farming is most prevalent, the livelihoods of families are dependent on the sale of their vanilla. The amount of vanillin per pod determines price. The greater the amount: the higher the price.

In recent years, exploitive middlemen have harmed Malagasy farmers and thieves have stolen vanilla directly from their fields. These two conditions have led to the harvest of immature vanilla (less vanillin per pod), increasingly poor vanilla farmers, and the degradation of quality vanilla from Madagascar.

In November 2016, the USAID East Africa Trade and Investment Hub partnered with NCBA CLUSA and U.S. vanilla and spice buyer McCormick Corporation to establish a market-oriented vanilla cooperative that would create a more stable and predictable business environment for Malagasy vanilla farmers. The cooperative instituted a community police system and a short-term financing system. The community police system gave farmers the confidence to wait for mature vanilla pods before harvesting, and the financing system helped farmers reduce their reliance on middlemen who would hold them hostage with high-interest loans. The cooperative started showing results within months.

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Velanafo Rene, a 51-year-old vanilla farmer from Doany, says the cooperative has been a game changer in his life. He received a \$350 cash advance from the cooperative, which he used to prepare his rice field and tend his vanilla crop. His earnings this year were \$14,000, three times the income he earned last year. With the income, he purchased one dairy cow and two oxen for plowing his rice field. He also built a new house and is leasing his old home for additional income.

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Another member of the cooperative, Valisy, tells a similar story to Rene’s. He’s doubled his income this year and similarly expanded his farming resources and household assets.

As of December 2017, the cooperative has gained access to a new vanilla curing and storage center thanks to an additional partnership with a local exporting company and because of its continuing partnership with McCormick. The integrated storage and curing center was built with a private investment from McCormick. The curing center will be managed as a joint venture between the cooperative and RAMEX starting in 2018. The curing center will enable farmers to sell cured vanilla instead of green vanilla, fetching them even higher returns.

The partnership has provided Malagasy vanilla farmers with a reliable long-term export opportunity and guaranteed returns from vanilla production. It is also enhancing the quality of Madagascar’s vanilla exports and improving the livelihoods of the farmers who produce it.

USAID supports public-private partnerships (PPP) to mobilize ideas, efforts and resources of government, the private sector, and civil society to stimulate economic growth and develop businesses and workforces. The Malagasy vanilla public-private sector partnership is the seventh PPP that the USAID Hub has mobilized for economic and social gain.