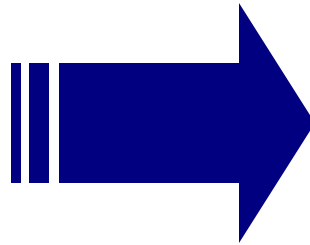


PVO – Private Sector Cooperation in Food Aid Programming *An Experience from Central Asia*



*Agribusiness
Management
Company LLC*

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Introduction

Background on Agribusiness Management Company (AMC):

- Venture capital firm focused on emerging markets food processing sector
- Over \$100 million invested to date, primarily in the countries of the former Soviet Union
- Current portfolio includes investments in –
 - ❖ Poultry (Russia)
 - ❖ Dairy (Russia, Kazakhstan, Ukraine, Moldova)
 - ❖ Packaging (Russia)
 - ❖ Wine (Georgia)
- AMC holds controlling stake in each business, but each company is locally managed and run
- This allows AMC to draw on the strength of over 8,000 employees in the region
- AMC team includes 11 full time professionals in Omaha, New York, Moscow & Almaty

PVO / Private Sector Cooperation – Our Experience

Our introduction to Food Aid

- Russian poultry company purchased soybean meal offered via monetization program
- Moldovan dairy company approached by PVO with program idea to develop local milk supply
- Decided to learn more about these programs

Our initial perceptions

- PVO's were undertaking complex import and trading operations in difficult places to do business
- In some cases, local groups were frustrating the efforts of these PVO's by taking advantage of their foreign status and commercial inexperience
- In most cases, these situations could be avoided by involving a trusted, market-wise local partner
- AMC could therefore provide a useful service to PVO's through its local execution abilities and food trading experience



Partnership with Aga Khan Foundation U.S.A.

- Education and Dairy Nutrition Program
- Established in FY 02 under 416(b)
- Based on NFDM donation for Kazakhstan, Afghanistan and Tajikistan
- Multi-faceted program
 - ❖ Vocational education
 - ❖ School milk
 - ❖ Dairy & Livestock Development
- Now in second year



PVO / Private Sector Cooperation – Our Experience

Why has this partnership worked?



- Both groups share long-term commitment to region
- Division of responsibilities allows each group to focus on its strengths
- Continual communication flow from both sides, open discussion of issues as they arise
- Patience
- Virtuous cycle created – program has encouraged AMC & Kazakh partners to establish dairy business in Afghanistan - thus furthering AKF's rural development objectives

Establishing a First Time Program

- Track record with USDA and USAID is very important. New groups must be prepared to establish their bona fides.
- Working with a private sector partner:
 - ❖ Trust building exercise
 - ❖ PVO needs to accept partner's profit motive
 - ❖ Private partner needs to respect PVO's goals, operational style and emotional component
 - ❖ Parties should clarify their roles, responsibilities and intention to cooperate in order to pursue a program through a brief, but specific teaming agreement (letter of intent, etc.)
 - ❖ Areas such as exclusivity provisions, costs, timetable, drafting responsibilities and communication should be covered
- Up-front efforts will be rewarded down the road
 - ❖ Research existing and prior programs in country
 - ❖ Consult with USDA/USAID early on
 - ❖ Be aware of political currents which could affect decision making
 - ❖ Consider commissioning private market study for the commodity you select
- Don't be discouraged when a proposal is not approved

AMC Contact Information



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