PRIME

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Pioneering Real-time Impact Monitoring and Evaluation

CASE STUDY High Value Agricultural Products Peru

PRIME CASE STUDY BRIEFING NOTE - MISSION 1

PRIME case study research can be divided into various steps: the feasibility study, the first mission, additional data collection, a second mission, synthesis and reporting, and a verification workshop. This note reports on results of the feasibility study and the first mission. The PRIME research team has conducted the first mission for the case study of private sector support in the tourism sector in Peru in November 2014. This briefing note provides: (i) insight into the sector choice based on the preparatory feasibility study, (ii) an overview of the first mission and (iii) the next steps.

Sector Choice

In Peru we focus on the sector of high value agricultural products and on those SMEs that are involved in the supply of semi-finished products. The sector is included in three of the five sectors of CBIs new integrated country program. In addition CBI and PUM have both been active in this sector in the past. This sector offers good potential for a research component linked to the producer level supply side. Globally, high value agricultural products cover an important part of CBI and PUM support. PUM has supported more than 70 SMEs since 2005 in this sector by , amongst others, providing support and expertise in areas of product development and innovation, improvement of quality of services and reduction of raw production cost. CBI has provided intense export coaching support to 5 SMEs in the past and will support another 30 SMEs as part of their new integrated program. Moreover, they work closely together with, and support, various Business Support Organization (BSOs) that are active in this sector.

Overview high value agricultural products sector in Peru

The Peruvian food ingredients export sector includes many products derived from Peru's unique biodiversity and is actively promoted by the Peruvian government. High value crops refer to non-traditional food crops such as vegetables, fruits, flowers and spices. Most High Value Agricultural Products (HVAPs) have higher market values than traditional

What is PRIME? The Centre for the Promotion of Imports from Developing Countries (CBI), the Foundation Netherlands Senior Experts (PUM), the Agricultural Economics Research Institute (LEI Wageningen UR) and the Erasmus School of Economics (ESE) have developed a joint programme to pioneer impact evaluation methods of support to small and medium enterprises in developing countries. The PRIME programme is designed to develop an approach to data collection that enables the impact of PUM and CBI to be tracked while at the same time giving both organisations more insight into their interventions and the opportunity to learn about how they can manage for greater impact.

How does PRIME use the M&E data? Time-series datasets will be constructed with data on key indicators of SME clients. This dataset will be used in the econometric analysis of impact and to develop a typology of different modalities of support provided.

How does PRIME use the case studies? The case studies are complementary to the quantitative analysis of the monitoring data. Case studies will include in-depth semi-structured interviews with client enterprises, non-client enterprises, BSO representatives, and local (sector) experts in order to get a deeper understanding of the mechanisms that resulted in the (non) changes in SME processes and performance. Case studies will also include the measurement of key indicators among non-supported firms.

cereal grains and export crops. Seasonality of supply makes that there is a large potential for HVAP products from Peruvian origin on the European market. Products included in these sectors are cochinilla, tara, achiote, maca, processed exotic fruits, asparagus, artichoke, brazil nuts, quinoa, cowpea, giant corn and quinoa. Some of these products are multi-purpose and can be used either as food ingredients, cosmetic or pharmaceutical ingredients and many are labelled 'superfood' ingredients due to their high content of vitamins, antioxidants and/or anticipated health value. Demand for natural ingredients and processed food is still growing in Europe. In nearly all of the sectors, there is a shortage of primary production and raw material supply, sub-optimal harvest and post-harvest management, a lack of processing plants and a lack of (market) knowledge and skills. Many small-scale farmers are active in the these sectors. This opens possibilities to assess the contribution of CBI and PUM support on poverty alleviation.

First mission

The first mission took place between November 21 and November 28 2015. For the first mission we have chosen to focus on Lima and surroundings. Most BSOs (or at least their headquarters) are located in Lima. Moreover, 40% of CBI supported SMEs, and almost 30% of PUM supported SMEs are based in Lima. Most PUM support outside Lima is to SMEs in the north, whereas the majority of support from CBI is in the south of Peru. The different regions generally correspond to different product types. Yet, around Lima there is a mix of SMEs supported by both. We shortlisted all supported SMEs and, together with an experienced local consultant, the PRIME researcher conducted eight semi-structured interviews with SMEs that received support from PUM (five SMEs), CBI (three SMEs) or both (one SME) since 2005. SMEs were selected purposefully to capture different views and perspectives towards PUM and CBI support. We also talked to five SMEs that did not yet receive support but are in the process of applying for CBI support. In addition to these SMEs, we visited five BSOs and PUMs country coordinator.

Picture 1: A sample of Peruvian HVAP SME interviewed

What is next?

The research team prepares for additional data collection, which will be implemented by a local consultant mid-2015. A second mission will be in 2016 to explore and deepen observations from the first mission and explore enablers and barriers of effectiveness of the support activities. The overall case study analysis will be done late early 2017, followed by a verification workshop to present and discuss the findings.