

Seminar public-private partnerships in smallholder agriculture

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Seminar Report



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On Wednesday November 13th 2013, the Centre for Development Innovation (CDI) of Wageningen University & Research Centre organized an international seminar to discuss Public-Private Partnerships and the role they can potentially play in improving market access for smallholder farmers and entrepreneurs. The seminar was an integral part of the international CDI course '[Market access for Sustainable Development](#)'. This report describes the proceedings and findings of the seminar.

Public-private partnerships in smallholder agriculture

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The seminar brought together the participants of the course, representatives from research institutes, government, NGOs and the private sector. The central question of the seminar was: *"Do PPPs effectively stimulate new market linkages that benefit low-income farmers, or do they just subsidise business as usual?"*. This report describes the proceedings and findings of the seminar.

The seminar was facilitated by Ms Femke Gordijn, associate consultant at CDI.

Introduction to the seminar - Questioning the objectives of PPPs

After a welcome by the course director, Mr Jan Helder, market economist and senior advisor value chain development at CDI, Mr Joost Guijt, senior advisor inclusive agri-markets at CDI [introduced the subject](#) of the seminar. He introduced the terms and assumptions most often used when referring to PPPs. He also made it clear that the private and public sector have different objectives and that it can be questioned whether a PPP is a partnership or relationship. Mr Guijt pointed out that the main reasons for the public sector to cooperate with the private sector are 1) Sharing of risks, resources and rewards; 2) Continuity and 3) Scale. Mr Guijt concluded the introduction by posing the following questions:

- Is any business engagement in development efforts worthwhile?
- When is a PPP useful, when not?
- Is the PPP accountable up or down?
- Do PPP stimulate different points of views?
- Is only sharing risks and funds a PPP?
- What alternatives are there?
- How effective is it compared to alternatives?
- How cost-efficient?



"There are a lot of hypotheses about the potential of PPPs to deliver on the public good, but there is not much evidence that it is actually happening."

Keynote 1: PPPs as a useful approach

Mr. Mandla Nkomo, interim Country Director of Technoserve, South Africa, delivered the first keynote of the seminar.

Mr Nkomo introduced his [keynote](#) with the question *'Can PPPs be a useful tool in transforming smallholder agriculture?'* To start with, it is important to understand the context for smallholder participation. This is often shaped/formed by the smallholders' asset endowments and their vulnerability contexts. PPPs can be a useful approach to what Mr Nkomo calls 'crowd in solutions' for smallholder farmers. One example is that in many countries around the world, extension services have collapsed and disappeared. A public-private partnership can therefore have a role in filling this gap by using the expertise of the private sector

to improve the capacities of smallholders. Other roles of the PPPs would be to create equitable market access for smallholders, and to invest in the right enabling environment for the partnership to take place.

Mr Nkomo explained that a multi-dimensional approach, as shown in the figure 1, is needed to move beyond business as usual, and to include and focus on social aspects. He expressed that it is essential to keep the smallholders in the centre of the partnership. In this process and approach, NGOs have an important facilitation

role, as Mr Nkomo highlighted by indicating the importance of NGOs as brokers between the public and the private sector.

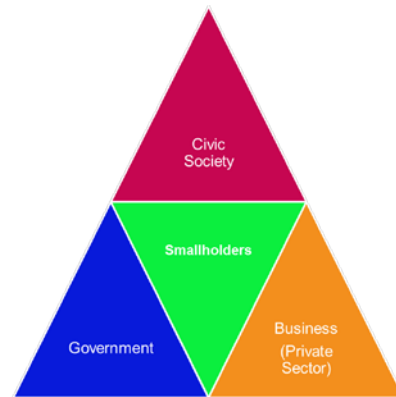


Figure 1: Multi-dimensional approach to PPPS

Mr Nkomo gave an example of a PPP started in South Africa with Technoserve facilitating the process. To increase employment, the government initiated this PPP where the private sector came in as a partner in buying products from the farmers, as well as providing technical support. If the farmers have commercial relations with buyers, they can expand their business. Through this business development, the government, together with 1500 farmers aims to create a good number of farm jobs by 2015. The South African government has contributed with 4 million US dollar (from the job fund) and the private sector with 1 million US dollar. A challenging factor in this PPP is that the private sector hesitates to take risky investments and seek guarantees and secured markets before becoming involved. In the long term, PPPs ought to strengthen the market system, and the network of buyers. When market systems thrive, they result in long term sustainability.



"NGOs are important as brokers between the public and the private sector".

One of the lessons learned is that there is often a mismatch between the readiness of the public sector to translate ambition into practical action. Mr Nkomo also emphasised that a successful PPP must attempt to solve mutual problems of both the public and private sector. A question which Mr Nkomo thinks need some attention is: *'How to make sure alternative institutions beyond the initial investments are sustained, especially when funding runs out?'*

Keynote 2: Three cases of PPPs

The second keynote speech of the seminar was presented by Ms Marije Boomsma, senior advisor sustainable economic development at the Royal Tropical Institute, KIT, the Netherlands.

Ms Boomsma started with presenting that this year KIT has initiated a public debate on PPPs, called 'Follow the Money'. Ms Boomsma expressed that in general, the public debate on PPPs is very polarised. The existing debate on 'Trade not Aid' has put more emphasis on the public (development) sector working together with the private sector for the (public) goal of poverty alleviation. To Ms. Boomsma, the way forward in this 'trade-aid' debate should be to include various perspectives to find the best way on how to implement an agricultural PPP in a specific context.

Ms Boomsma presented [three case studies](#) where KIT together with the Common Fund for Commodities (CFC) has researched the added value public funds has in private initiatives. The companies and their drivers for the three cases to get involved in a PPP were the following:

1. *illycaffè* became involved in a PPP to gain access to improved quality coffee from Ethiopia through introducing simple but innovative processing technologies
2. *Heineken's* driver was that local sourcing of sorghum was important for the company, as well as for local economies. Money and technical assistance through the project in setting up local supply chains enabled Heineken to make longer-term investments.
3. The driver for *Tropical Heat* to collaborate in a PPP was to improve yields through stabilising supply of good quality ware potatoes for its factory.

The companies became involved in these PPPs primarily because of financial interests. This was especially relevant for markets in which the company had no previous working experience with smallholder farmers and other parts of the value chain. For all three cases, an NGO and/or knowledge institute had a defined managing and implanting role in the project.

The impact of the three cases has been, amongst others, products with higher quality and increased efficiency and productivity which has reduced costs. However, the structure of the market can influence the success of the PPP. For example, *illycaffè* invested in processing technology for farmers to enhance coffee quality, but could in the end only access a small proportion of the upgraded coffee because of the Ethiopian market structure. Ms Boomsma also sees clashes in expectations and in the design of projects between the different actors in the PPP. She ended the presentation with a list of points of attention that should be considered when developing or working within a PPP:



Marije Boomsma
Royal Tropical Institute, Netherlands.

"It is the role of knowledge institutes to put the different perspectives of PPPs on the table".

- PPP should promote competition within the private sector (no monopoly for 1 company) to enhance the position of farmers and give the opportunity to negotiate prices
- It is best if public and private sectors invest both in the PPP financially. With too much private sector investments, there is the risk of unsustainable investments (higher risks of discontinuity of the PPP)
- Policymakers should be involved to know the regulations- which can cause projects to fail.
- NGOs who deliver services are not always effective and/or efficient – needs improvement
- External M&E is needed
- Follow up projects – analyse if they are adding value in reaching public objectives

Keynote 3: Need for integrated solutions

The last [keynote speech](#) of the seminar was presented by Ms Kavita Prakash-Mani, head Food Security Agenda at Syngenta. Syngenta is a large global crop protection company, selling products in all the major areas of crop protection and seeds. Ms Prakash- Mani introduced that for Syngenta, the rationale for joining PPPs is to contribute to sustainable development issues, to improve food security and rural development. There is a need for integrated solutions to address the constraints that the farmers face. To Ms Prakash-Mani, companies should be aware of the local context since the different types and scales of farmers require different approaches and commitments. The integrated approach is visualized in figure 2 (on the next page). It shows the importance of integrating different aspects, such as productivity, investments, profitability, and information.

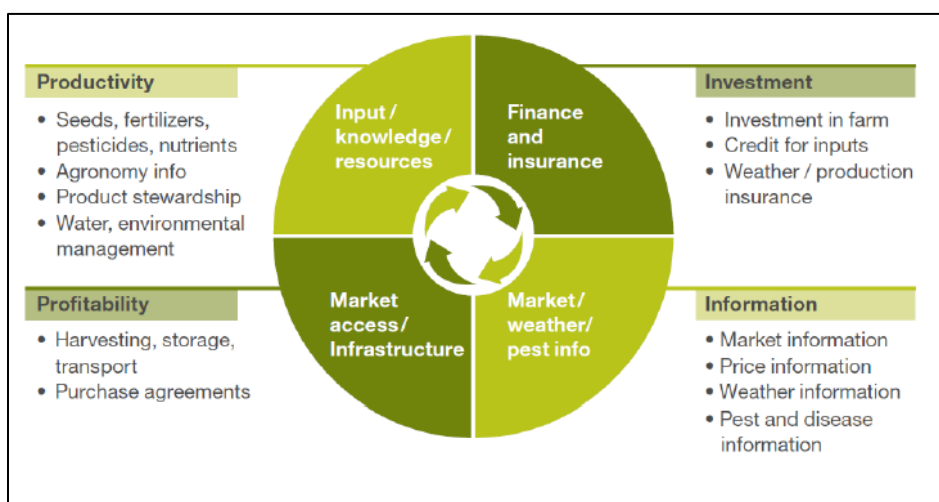


Figure 2: The integrated approach as promoted by Syngenta.

Ms Prakash-Mani also presented three PPPs in which Syngenta is working: GrowAfrica (in several African countries), SAGCOT Tanzania, and The Task Force on the Coffee Sector in Vietnam.

The activities of Syngenta in these PPPs have, so far, concentrated on developing the leverage of small scale farmers and their access to markets, exploring potential technologies and research on the environmental impact of intensified agriculture. The impact so far has been an increased productivity, and the establishment of new institutions together with farmers. The work on the ground has been with exploring innovations within the value chains and linking it to commercial strategies.

Ms Prakash-Mani expressed that it is essential to have PPPs as the wide array of single actors in agriculture cannot achieve their objectives on their own. There are various constraints that have to be overcome for PPPs to be successful:

- To be partners, the actors have to realise that they need to give away some of their control
- Trust between partners and external parties is essential
- Companies should contribute to solutions for agricultural/societal problems
- There is a need for common goals, and to align goals to be able to measure them collectively
- Coordination from a central coordination entity (at the moment there is less coordination from gov.side)
- Explore if funding from different partners can be matched
- At the farm level it is important to insure farmers for risks (e.g. via weather index)
- The interest of the government has to be there (which is often lacking at the moment)

Debate with the audience

The final part of the seminar was conducted in the form of statements, and followed by an open discussion. In the box on the next page, the statements are presented with an extract of the comments given by the audience.



1) PPPs are THE best way to get businesses to significantly source from small scale producers

"It is not going to help small scale farmers since the farmers are not included in the agreements and discussion. The PPPs are not for the farmers, who are more vulnerable than ever before".

"PPPs added value is on sustainability and inclusiveness. PPP in a transformation process and should focus on quality rather than sourcing"

"A PPP is not a silver bullet, but I have a strong feeling it is a possible solution if it is designed, managed in collaborative way including practical solutions".

2) PPPs are only held accountable to the public donor but not to the small scale producers

"Accountable, what does that really mean? Small scale producers should be included but also suppliers, government etc. Transparency should be general and refer to all actors".

"Accountability is going upwards because the donors' role is to make sure that it translates back to the farmers and that the investments have impact beyond business as usual".

"Accountability matrix of donors for delivering results should be in place. One problem is that often the government is not interested in value but focus on job creation. There needs to be a conversation from the same lens and to speak the same language"

3) Business should pay the lions share in a PPP since they are going to benefit most from the outcomes

"Yes because in the end of the day the shareholders will benefit more than the farmers".

"It depends on the objectives of the PPP, the government has however no business being in business. The financial profit is perhaps the main aim of the business but for the government the public welfare should be the aim".

"It is a blanket statement. It should be equitable, and the structure of the incentives should respond to opportunities. Market structure in certain countries can inhibit investments which makes it hard for businesses to get return of investment".

4) Businesses see PPPs as a way to subsidise their normal activities, so it is not used as an opportunity for innovation, nothing beyond business as usual

"Farmers mainly solve their own problems. If PPPs are established as natural development instead of using incentives it will be better organised and more creative. If the partnership is intrinsically motivated then there be can be sustainability".

"PPPs can have a role in triggering innovation –like in the cases of coffee, and sorghum. Because when risks are shared, there is more room for innovation. However, there is a plea for opting for more public money requested by NGOs, because there is a need for critical assessment from the development sector".

"Tool as far as for change in a new sustainable way. CSR projects are getting more common so why not try and see if it works beyond business as usual. Important is to help each other in transforming lessons learned with partners/farmers and the public."

Conclusions and recommendations of the seminar

Speakers and audience agreed that if PPPs ought to benefit low-income farmers. Recommendation given for PPPs to go beyond business as usual were:

- PPPs should have a multi-dimensional/integrated approach
- Low-income farmers should be included, or central in the PPP
- There is a need for the private and the public sector to create common objectives to solve mutual problems, including problems faced by the farmers (beyond profit making)
- Some cases of PPPs have shown increased quality in production as well as increased productivity of farmers. However, there is still a need of evidence/proof of what works and what doesn't.
- NGOs and knowledge institutes should have the role as brokers and facilitators between the public, the private sector, farmers and the civil society.

Examples of CDI's involvement in PPP programmes:

- Management of a Dutch-Kenyan [public-private cooperation](#), by which Dutch seed potato expertise is combined with the know-how of local Kenyan private sector players - hence contributing to synergy and efficiency gains in the potato sector.
- Several PPP constructs used as interventions to boost effective demand and create chain integral income effects in local traded fresh produce value chains.
- Developing Monitoring and Evaluation frameworks and baseline evaluators of several PPPs in Asia and Africa, as well as strategic thinking of PPP programmes and interventions.

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More information: www.wageningenUR.nl/cdi

