PUBLIC-PRIVATE PARTNERSHIPS IN THE AGRICULTURE SECTOR FOR HUMAN AND SUSTAINABLE DEVELOPMENT

A review of the state of play

Master’s degree in Technology for Human Development and Cooperation – Master’s dissertation.

March 2015

Author: María Larrea Lorienté
Tutores: Carlos Mataix Aldanueva
Gabriel Ferrero y de Loma-Oróio
INDEX

TABLES AND FIGURES .................................................................................................................. 4
ACRONYMS ........................................................................................................................................ 5
1. INTRODUCTION AND RATIONALE ......................................................................................... 6
   1.1 The context of a new development agenda ......................................................................... 6
   1.2 Food Security and Nutrition. Challenges for the future ...................................................... 7
   1.3 The role of the Private Sector in Development .................................................................... 11
   1.4. Structure of the document ................................................................................................ 16
2. OBJECTIVES OF THE RESEARCH ............................................................................................ 17
3. CONCEPTUAL FRAMEWORK ...................................................................................................... 18
4. LITERATURE REVIEW ................................................................................................................. 18
   4.1 Public-private partnerships for development ....................................................................... 22
   4.2. Private investments for development in the agriculture sector ......................................... 39
   4.3 Public-Private Partnerships in the agriculture sector .......................................................... 57
5. FURTHER RESEARCH PROPOSAL .......................................................................................... 71
6. CONCLUSIONS ........................................................................................................................... 75
REFERENCES ................................................................................................................................. 80
TABLES AND FIGURES

Figure 1: Conceptual framework .......................................................... 18
Figure 2: The Spectrum of PPP Arrangements ...................................... 28
Figure 3: PPP models in the infrastructure sector .................................. 29
Figure 4: Distribution of PPPs by sector and by region, 1990-2003 .......... 30
Figure 5: One of the Building Blocks identifies by the UN Global Compact .. 32
Figure 6: comparison of public sector payment profiles ....................... 32
Figure 7: Best and worst African countries to do business ...................... 44
Figure 8: African smallholder cycle ..................................................... 47
Figure 9: Grow Africa’s innovative approach to partnering ................. 72
Figure 10: public-private people partnerships (P4) ............................ 78

Table 1: Distinctions between PPPs & MSPs ...................................... 25
Table 2: Other selected definitions of PPPs ....................................... 26
Table 3: Public–private partnerships: a purpose-based taxonomy .......... 27
Table 4: Characteristics of alternatives forms of PPPs ......................... 29
Table 5. Sources of failure in agricultural markets and possible PPP solution .... 60
Table 6: General recommendations and lessons learnt to achieve success PPPs .............................................................. 69
Table 7: Public and private sector roles in supply chain management of high value agricultural products ......................................................... 63
<table>
<thead>
<tr>
<th>ACRONYMS</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AU</td>
<td>African Union</td>
</tr>
<tr>
<td>CAADP</td>
<td>Comprehensive Africa Agriculture Development Programme</td>
</tr>
<tr>
<td>CFS</td>
<td>Committee on World Food Security</td>
</tr>
<tr>
<td>CGIAR</td>
<td>Consultative Group on International Agricultural Research</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organizations</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAO</td>
<td>UN Food and Agriculture Organization</td>
</tr>
<tr>
<td>FDI</td>
<td>foreign development investment</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agriculture Development</td>
</tr>
<tr>
<td>IFPRI</td>
<td>International Food Policy Research Institute</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>ILO</td>
<td>UN International Labour Organization</td>
</tr>
<tr>
<td>MICs</td>
<td>Medium Income Countries</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>NEPAD</td>
<td>New Partnership for Africa's Development</td>
</tr>
<tr>
<td>LDCs</td>
<td>Less-developing countries</td>
</tr>
<tr>
<td>OWG SDG</td>
<td>Open Working Group on the Sustainable Development Goals</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PPPs</td>
<td>public-private partnerships</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>research and development</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SMEs</td>
<td>small and medium enterprises</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>WFP</td>
<td>UN World Food Programme</td>
</tr>
<tr>
<td>WBG</td>
<td>World Bank Group</td>
</tr>
<tr>
<td>3RBA</td>
<td>3 Rome based agencies – FAO, IFAD, WFP</td>
</tr>
</tbody>
</table>
1. INTRODUCTION AND RATIONALE

1.1 The context of a new development agenda

At the Millennium Summit in September 2000 the world leaders adopted the UN Millennium Declaration, committing their nations to a new global partnership to achieve human development by setting out a series of time-bound targets, setting 2015 as a deadline. They are known as the Millennium Development Goals (MDGs).

The first Goal, MDG1, focuses on extreme poverty and hunger, and encompasses three targets:

- 1a. Halve, between 1990 and 2015, the proportion of people whose income is less than $1.25 a day
- 1b. Achieve full and productive employment and decent work for all, including women and young people
- 1c. Halve, between 1990 and 2015, the proportion of people who suffer from hunger

As reflected at MDG1, poverty and hunger frequently go hand in hand. Long-term alleviation to hunger is rooted in the alleviation of poverty, and both are political issues. Hunger is a symptom of poverty, and poverty commonly leads to food insecurity situations. Moreover, if it is considered that the vast majority of poor people are located in rural areas, in where agriculture is the most important source of employment – especially for women – (FAO, 2011), this fact turns even more dramatic. Even though the world has made significant progress in achieving many of the MDGs, this progress has been uneven between regions and countries – with Sub-Saharan Africa as the epicentre of crisis – tolerating the continuity of food insecurity and extreme poverty, two realities that, in fact, undermine the accomplishment of the rest of the MDGs.

As it is undeniable the value of the MDG framework and the progress achieved, a number of limitations and weaknesses have also been acknowledged. For instance, it can be highlighted the few scopes on which MDGs are focused – dismissing other important aspects of development – and the lack of reference on appropriate means or strategies for achieving the goals. From a quick analysis centred on MDG1, it could be said that: it only tackles extreme poverty and dismisses relative poverty, which restrains the scope of the problematic and does not consider the multidimensional nature of poverty; MDG1 does not consider the disparity in poverty between urban areas and less accessible rural areas and its specific challenges; it also undervalues the importance of agriculture and rural development; does not capture the importance of addressing malnutrition in all its forms; and the indicators used do not adequately
capture food security and nutritional status beyond minimal dietary energy requirements. These are issues that must definitively be reflected in future actions.

As the target date for the MDGs approaches, a new development agenda must be settled. For this reason, a number of processes, fora and events have been put in place to deliberate on what has been achieved so far, discuss the challenges ahead, and identify new ideas and priorities for what should follow. This process has been referred to as “The Post-2015 Development Agenda”, and was launched in fulfilment of the mandates of Member States at the MDG Summit in 2010, and the United Nations (UN) Conference on Sustainable Development (Rio+20) in June 2012. Therefore, a broad and global dialogue has taken place during the last years, in which the widest possible range of stakeholders have participated – including world leaders, the UN system, civil society, businesses, academia, and citizens.

The new global sustainable development framework is expected to define priorities and approaches for the next period, and will also try to address the limitations that the MDGs presented. The context of international development has changed since the MDGs were agreed, with emerging and existing challenges that will require different approaches. Thus, this global dialogue presents an historic opportunity for the international community to mobilize every stakeholder in order to raise its concerns and priorities, set a new organizational engagement and complete the unfinished work.

Hereafter, a general overview will be developed on the two issues that concern the current work: food security and nutrition, and the role of the private sector.

1.2 Food Security and Nutrition. Challenges for the future

Even though progress has been achieved towards the MDG1 target of halving the proportion of poor and hungry people, there are still 805 million people suffering from food insecurity and malnutrition¹. Besides, around a billion are thought to suffer from what is known ‘hidden hunger’, in which important micronutrients are missing from diet, with consequent risks of physical and mental damages, especially for children. In contrast, a billion people are substantially over-consuming and obese, with health consequences such as type 2 diabetes and cardiovascular disease.

Food production is enough to meet the world’s needs in a balanced way, but lack of access to variable and nutritious food for poor, vulnerable, and marginalized people, means that under-nutrition and stunting remain a major challenge. Furthermore, the context in which the MDGs were settled is very different from the current situation: the conditions for food and agricultural production is increasingly challenging –

particularly for smallholders – due to natural resource degradation, more frequent and severe weather events, food losses and waste, globalization and demographic trends, urbanization and market concentration, and volatile financial markets, among others. This is an evidence of the fragility of current global food system.

Besides, food insecurity continues to be predominantly concentrated in rural areas, often where rainfall is scarce or erratic and where soils are poor and/or degraded; this disproportionately affects rural communities, especially poor farmers, herders, fisher, labourers and pastoralists – and in a special vulnerable situation for women. Rural areas are also affected by extreme and moderate poverty, and labour markets often function poorly in rural areas. 75 per cent of the world’s poor\(^2\) and the majority of hungry people live in rural areas and mostly dependent on agriculture activities, working as small-scale producers\(^3\). This reflects the close linkage between hunger, poverty and rural areas.

Moreover, the loss of productivity and direct health care spending caused by malnutrition – undernutrition, micronutrient deficiencies, obesity and diet-related non-communicable diseases (NCDs) – can account for as much as 5% of the global gross domestic product (GDP), equivalent to USD 3.5 trillion a year (FAO, SOFA 2013). Food insecurity drives a person, a community or an entire country into a long-term intergenerational spiral of poverty.

If we have a general overview of the efforts made on global poverty eradication, it is appreciated that poverty reduction has been achieved in those contexts in where rapid economic growth has been achieved. Nevertheless, progress has been uneven and not always has reached rural areas. Economic growth is not an utterly solution per se, if it is not accompanied by sound policies and instruments designed to achieve equity development and equality in incomes and opportunities. Rural poverty and food and nutrition insecurity has persisted in those areas in where policies paid insufficient attention on improving agricultural productivity, rural infrastructure or nothing has been done to provide access to social protection services, and to productive resources (FAO, 2014). As mentioned before, these situation affects to a greater extent to disadvantaged groups, particularly women. Also, climate change and natural resources degradation together with rapid population growth and migration are putting disproportionate pressure on rural population.

The new development agenda must address the structural root causes that create hunger, poverty and dependency, and focus on ensuring inclusive economic growth and reducing inequalities. The development of agriculture is at the core of any sustainable development and poverty strategy. In this sense, FAO has remarked that

---

\(^2\) People living on less than $1,25 a day

policies and programs focused on rural development and agricultural productivity growth with a people-centred approach are crucial for poverty reduction and thus, for hunger eradication. The solution involves the generation of employment opportunities. As the majority of the rural poor are smallholder farmers, the implementation of policies oriented toward agricultural productivity improvement through better access for smallholders to resources, technologies, markets and organizations will be critical for both poverty eradication and food security. It has been shown that agricultural growth’s impact on poverty reduction could be as much as five times greater than general growth in low-income developing countries (FAO, 2014 – Poverty eradication). Further on, smallholder production has been shown to be economically more efficient and creates more employment than plantations operated by waged labour. Additionally, the diversification of employment in rural areas into non-agricultural activities is often driven by agricultural growth. A growing rural economy is vital to provide employment opportunities for the landless poor and for food-insecure farming households. A prospering agricultural sector can unleash economic growth, generating on-farm and off-farm employment and creating opportunities to get into other economic activities.

However, apart from these challenges and policy and programme implementation, the mobilization of sufficient financial resources is also required. Thus, there is an urgent need to find new and innovative instruments and solutions that encourage inclusive, equitable and sustainable growth and development, and move away from the “business-as-usual” model.

- Post-2015 Agenda

All along the Post-2015 discussions, there has been a continuous and common consensus on the importance of including a stand-alone goal on food security and nutrition, and on the need to move a step forward and be more ambitious than in the current MDG1. The global dialogue on food security and nutrition has been led by the tree Rome Based UN Agencies (3RBA) – FAO/WFP/IFAD – within the framework of the Committee on World Food Security (CFS), as foremost inter-governmental, international and multi-stakeholder platform for this scope. The UN Secretary-General’s “Zero Hunger Challenge”\(^4\), which has been widely endorsed as a vehicle for advocacy and global action, has been considered an excellent base to start building on a new goal, and as such, has been reflected at the UNSG High Level Panel’s report\(^5\) (the set of proposed targets for food security and nutrition were structured according the ZHC’s 5 drivers).


Moreover, the 3RBA have been following the discussions held at the Open Working Group (OWG) on Sustainable Development Goals (SDGs) during its stocktaking phase (March 2013 to February 2014). On this basis, the RBA launched on March 2014 a list of priority targets and indicators for the future agenda. This is a sound technical input on how to measure and monitor progress in the area of food security, nutrition and sustainable agriculture. Finally, at the outcome document of the OWG SDG proposed to the UN General Assembly, 3 out of 17 goals are related with the farming sector:

- End hunger, achieve food security and improved nutrition, and promote sustainable agriculture (Goal 2);
- Conserve and sustainably use the oceans, seas and marine resources for sustainable development (Goal 14);
- Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss (Goal 15).

References to the Right to Food were made at the chapeau of the document. In addition, direct interlinkages with other tree goals were also identified:

- End poverty in all its forms everywhere (Goal 1);
- Ensure availability and sustainable management of water and sanitation for all (Goal 6);
- Ensure sustainable consumption and production patterns (Goal 12).

**Summary:**

- Even though progress has been achieved towards the MDG1 target of halving the proportion of poor and hungry people, there are still 805 million people suffering from food insecurity and malnutrition. There is an urgent need to complete MDGs’ unfinished work.
- Differences in the current context as the conditions for food and agricultural production are increasingly challenging: natural resource degradation, more frequent and severe weather events, food losses and waste, globalization and demographic trends, urbanization and market concentration, volatile financial markets.
- Rural poverty and food and nutrition insecurity have persisted in those areas in where policies have paid insufficient attention on improving agricultural productivity, rural infrastructure or in where nothing has been done to provide access to social protection services and productive resources.
- The new development agenda must address the structural root causes of hunger and poverty. The development of agriculture is at the core of any sustainable development and poverty strategy: indeed, agricultural growth’s impact on poverty reduction could be as much as five times greater than general growth in low-income developing countries. Innovative solutions must be developed.
1.3 The role of the Private Sector in Development

Although the world has reduced extreme poverty by half, 700 million people are still living in extreme poverty in 2010, without access to basic services. This number is still unacceptable high, and requires a global response and a full use of all the financial, intellectual and organizational resources.

While economic growth can benefit many, it is not sufficient for poverty reduction and can even increase inequality. Growth must be accompanied by a shift towards more productivity activities and employment creation if it is to impact on poverty and inequalities. In this sense, a significant change can be achieved for poor people in developing countries through inclusive business. Consequently, business and private sector have been identified as essential partners in development activities.

In the international cooperation context, the participation of private sector in development has been acknowledged since the beginning of the 2000’s. The Monterrey Consensus on Financing Development (2002) identifies private sector as an essential partner to mobilize financial resources for poverty eradication, and recommends partnership with private sector for development activities. Meanwhile, former UN Secretary General, Kofi Annan, requested several reports to the UNDP to analyse the possibilities to engage the private sector in order to serve the poor, while launched the UN Global Compact initiative. Moreover, on December 2011, at the Busan Global Partnership for Effective Development for Cooperation, a commitment was settled to build stronger relationships between development co-operation and the private sector in order to support the creation of a favourable environment for business in developing countries and fostering public-private partnerships. Commitments made in the same line were done by the G8 in 2012, the G20 Final Statement from Cannes (2011) and in the EU’s Agenda for Change (in 2011). Lastly, in the context of the Post-2015 development framework, the private sector has been effectively involved in the global dialogue as a strategic partner, and has been continuously referred in every fora and debate. In fact, the new development agenda will require a new and sound global partnership – governments, business and civil society – in order to contribute to productive employment creation, economic security and investments in social sectors with a human right approach. The UN Global Compact was assigned to convey the contributions made by the private sector. On the basis of this debate, the Global Compact has developed a new strategy for the next years that seeks the engagement of business on sustainable development through collaboration and co-investment, in order to establish commitments and actions that may help to advance on the UN goals and the future development agenda.
There are many reasons to involve private sector and business practices in development activities. Firstly, private sector can drive economic growth: they have the capacity to create jobs that will help poor escape from poverty – in conformity with the ILO Decent Job Agenda –; creates capacity building for employees; builds the infrastructure needed; connect and opens with new markets; provides goods and services; incorporates the poor in business value chains—as producers, suppliers, distributors, retailers and franchisees; and by paying taxes, supports public budgets. But private sector can only achieve inclusive growth and tackle global poverty if it assumes internationally recognized principles of development\(^6\) and acts within the framework of human rights and sustainable and development patterns. Secondly, it has been proven that government investment in social development cannot work alone, or grant-funded initiatives are too often poor and limited. Moreover, growth does not always go hand in hand with poverty reduction, and it could even increase inequalities. And lastly, private sector comprises many different stakeholders and it is closely integrated into most developing economies. Indeed, when talking about private sector, it must be borne in mind that it comprises different stakeholders with different profiles: self-employed people, micro-business, small and medium enterprises (SMEs), large multinational companies, cooperatives and other social economy business, financial institutions, employees and their trade unions, and non-governmental organizations (NGOs) collaborating in private projects. Thus, support to private sector must always take into consideration the different nature of each stakeholder, and their size and scope in where they are working.

Stakeholders can definitively benefit from the involvement of private sector in development. On the one hand, for donor countries, private sector is an instrument that allows broadening the impact of development activities, increase financing and enable a sustainable impact. The private sector from donor countries could participate in developing activities by providing services and equipment. On the other hand, developing countries have an enormous informal private sector and informal employment, and that is why they need systematic assistance in order to create a favourable business development. As a third part, Civil Society Organizations (CSOs) are essential stakeholders as they draw attention to both the benefits and risks of private sector activities. And from the private sector view, there is interest in the role that donors can play in absorbing risk, a key factor in countries that are characterised by high levels of economic, financial and political risk and high transactions costs (Byiers and Rosengren, 2012). Moreover, many companies consider that helping to address the needs of poor is the “right thing to do”, and a way to get into new markets, achieve innovation and seek new opportunities. And finally, for the poor and most vulnerable, private sector can bring them into the marketplace by creating jobs.

\(^6\) UN Global Compact Ten Principles: [http://www.unglobalcompact.org/abouttheGc/TheTenprinciples/index.html](http://www.unglobalcompact.org/abouttheGc/TheTenprinciples/index.html)
and create opportunities and can provide access to basic services – and by doing so they become more productive and more empowered by raising awareness (UNDP, 2008).

In any case, an increasing role of the private sector in development must entail an increasing sense of responsibility of their social and environmental impact and make clear what the limits are for business. In fact, public support to private sector should be done on the basis of the principles of transparency, effectiveness, accessibility and responsibility, and with clearly defined aims and indicators. There is also an inexorable need to be clear with regards to donor commitments on untying aid and seeking policy coherence for development. In this sense, Official Development Aid (ODA) should be use as a multiplying factor by using innovative financial instruments, and support to private sector must be done to develop business models that foster inclusion and stimulate the innovation potential of business. Besides, the engagement of private sector and enhancement of inclusive business must be done in close collaboration with social partners and interested NGOs working in development aid. In this sense, special attention must be also paid to small and medium enterprises (SMEs) in particular, as they have the greatest capacity for creating jobs and reducing poverty, while large multilateral companies provide opportunities to involve new or existing local SMEs (European Economics and Social Committee, 2013).

Still, there are many questions and challenges when it comes to unleash private sector potential in developing countries. The main question is how to identify when business interests converge with development outcomes and how to align the interests of all stakeholders. Besides, the little knowledge about best practices and impact, and the great need for more sustained research is also a handicap. Plus, there is no information about the poor (what goods and services do they need? how much could they pay? what goods could they produce?) (UNDP, 2008). Moreover, there must be a sense of shared responsibility: it remains the responsibility of governments to design policies and set the basis to improve business environment and make economies favourable to investment and private sector activities (regulatory reforms, making credit accessible). And on the other hand, companies must adapt their core business for development impact and enhance inclusive growth.

In a nutshell, a globalized world requires effective collaboration and partnerships between public and private sectors as a critical prerequisite for the development and implementation of inclusive business models, and for the achievement of inclusive growth and poverty eradication. In this sense, public-private partnerships (PPPs) could be an innovative and important instrument to implement development strategies, as long as they are correctly designed in terms of principles of development, and affected parties are correctly communicated. PPP combine the mechanism of public funding with private investment initiatives to cover development needs of aid recipients.
- **Inclusive Business:**

UNDP defines inclusive business as ‘business models that create value by providing products and services to or sourcing from the poor, including the earned income strategies of non-governmental organisations’ (UNDP, 2008). Inclusive business often builds upon standards of responsible business practice. Ashley (2009) identifies 4 types of Inclusive Business:

- Commercial business selling good and service that are needed by the poor and have high development impact
- Large companies that have significant impact on poverty in their daily operations and that attempt to increase their developmental impact through supply and distribution chains, or through research and development
- Commercial domestic small and medium sized companies, that through their embeddedness in local economy, have local economic development as an explicit driving force
- Social enterprises that use market mechanism and commercial models of delivery, rather than traditional non-profit model of delivery

Moreover, Karnani (2007) makes another classification based on the so called “bottom of the pyramid” theory – large companies can make profit by selling to the poor and simultaneously eradicating poverty – and argues that the private sector can play a key role in poverty alleviation by viewing the poor as producers, and emphasize buying from them, rather than viewing the poor primarily as consumers and selling to them.

- **Post-2015 Agenda**

As mentioned above, the private sector has been actively involved in the Post-2015 discussions and offered their perspectives on the MDG’s and beyond, as a key partner for achieving human development. The UN Global Compact has led the global consultation from the business side and gathered insights and visions, including visions from representatives from the Global Compact LEAD companies, which comprises 56 multinational corporations. The result of this global dialogue is reflected at the document *Building the post-2015 business engagement architecture*, in where highlights the special role and potential that private finance and investment have in the contribution of business in the Post-2015 agenda. On this basis, the UN Global Compact designs a strategy with six building blocks for a sound engagement of business in sustainable development in view of the new development agenda:

- Drivers and Incentives
- Corporate Sustainability
- Sustainable Development Goals ad Long-term Business Goals.
- Transparency and Accountability
Each of these building blocks must be further strengthened and connected through a collective effort. According to Global Compact, some general aspects linked with development and sustainable concerns have been recently incorporated into investment decision-making processes and assimilated by the core business of many companies, as global and local sustainability challenges can entail significant investment risks if they are not managed properly. In this sense, many different investment opportunities have appeared in order to generate long-range financial returns while contributing to sustainability solutions (e.g. climate and crop insurance; or micro-finance and micro-insurance programmes). In order to unleash the potential of business, a collective action together with responsibility strategies are needed (especially in sectors with a multiplier effect such as agriculture). In a nutshell, the post-2015 agenda is an opportunity to strengthen collaboration and efforts to scale up business actions and foster the incentives for companies to become more responsible and sustainable (UN Global Compact, 2013).

All along the post 2015 discussions, there has been an increased awareness of the role and potentials of the private sector to achieve sustainable development, and the importance of comprising private sector if the future development agenda has to be truly universal, accountable with shared responsibilities, and transformative. The UNSG in his Synthesis Report delivered on December 2014 stress that “transforming models for creating shared value is vital for growing inclusive and sustainable economies”, and highlights the “potentials of ethics-driven” investments of the private sector, and recommends countries to “requiring companies to undertake mandatory economic, environment, social and governance reporting” and also to ensure that investment policies are aligned with UN Principles on Business and Human Rights, ILO standards and UN environmental standards.

Lastly, the outcome document of the OWG SDG emphasizes the importance of a global partnership for sustainable development – Governments, civil society, the private sector and the United Nations system – for the successful implementation of the SDGs. In terms of goals and targets, SDG8 might reflect some of the major concerns that directly affects to private sector actors, although private sector must be seen as a key actor for the fulfilment of the full agenda and all its Goals:

- SDG8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all:
  - 8.3. – policies to support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises;
- **Summary:**

| • Economic growth can benefit many, but is not sufficient for poverty reduction and can even increase inequality. Growth must be accompanied by a shift towards more productivity activities and employment creation. |
| • Significant change can be achieved through inclusive business and by adapting core business productivity. Thus, business and private sector must be considered as essential partners. |
| • Private sector can have a positive impact in development. Among other benefits, it can drive economic growth by creating jobs, pays taxes, provides services and builds infrastructures. Also different stakeholders can benefit from private sector involvement on development activities. |
| • It remains the responsibility of governments to design policies and set the basis to improve business environment and make economies favourable to investment and private sector activities. Companies on the contrary must adapt their core business for development impact and enhance inclusive and sustainable growth, in fulfilment of human rights. |
| • Effective collaboration and partnerships between public and private sectors are recognised as a critical success factor in the development and implementation of inclusive business models. |

### 1.4. Structure of the document

The present study is aimed to learn about the **impact that public-private partnerships (PPPs) have in the agriculture sector in terms of sustainable and human development**. Nevertheless, from an initial analysis and to my knowledge, little is know about this experience due to its novelty. It has been also noted that, on one side, there are some imprecision in the understanding and approaches of the meaning and types of PPPs, and on the other side, until recently institutions have neglected agriculture sector. The study will therefore be focused on the state of play and will begin with a systematic literature review on PPPs and on Private investments in agriculture in order to have a better understanding of both scopes and better address the main question of the research.
The document is structured as follows: the objectives of the study are reflected and developed in chapter 2, while in Chapter 3 the conceptual framework is exposed. Following, in chapter 4 the literature review is developed for the tree scopes of the conceptual framework – PPPs, private investment in agriculture and PPPs in agriculture –, and each of them within the frame of the international discussions of the Post-2015 Agenda – what has been said so far in the international fora. Chapter 5 makes an exposition of the initiative Grow Africa, from which some cases-studies could be extracted and further analysed in order to answer the question. Concluding remarks are exposed in Chapter 6.

2. OBJECTIVES OF THE RESEARCH

**Question:** What is the impact of public-private partnerships in the agriculture sector in terms of human and sustainable development?

i. Do public-private partnerships have a positive impact to achieve food security and nutrition in the community in where the project is implemented?

ii. Till which extent do smallholders and farmers improve their agricultural production and income through public-private partnerships?

iii. Do PPP in agriculture enhance development at the whole community where is implemented? Do they improve their life quality?

iv. Are organizational producers and small farmers involved in the development and constitution of the public-private partnerships, and in which way are they linked?

**General Objective:** Identify how the enhancement of innovative partnerships based on coherent and balanced policies and capable institutions can contribute to achieve food and nutritional security for all, with a Right to Food approach.

Although the scope of the study has been defined, and the extent of the review limited, the purpose of the study at this stage will not aim to answer the question formulated, but to do a literature review and an approach to the thematic in order to know the state of play at the international for a and the academic scope.

**Specific Objectives:**

i. Determine a conceptual framework.

ii. Present an overview of what has been said by the development community (from both, the academic and policy side).
iii. Present the initiative Grow Africa from which case studies could be further selected.

3. CONCEPTUAL FRAMEWORK

There are three sub-dimensions of the spheres of knowledge included in this framework: 1) public-private partnerships (PPPs), 2) private investment in the agriculture sector and 3) human development. At the same time, these sub-dimensions are embedded within the global framework of the Post-2015 Development Agenda.

Figure 1: Conceptual framework

![Conceptual framework diagram]

Source: personal compilation

4. LITERATURE REVIEW

The aim of this study is to analyse public-private partnerships on the agriculture sector, how do they work and the impact they have to achieve human development and food security and nutrition. Nevertheless, this study is not aimed to answer the planned question, but to get an overview of what the international community has said about this issue. In this regard, the study starts with an exploratory review on the subject to acquire deeper knowledge on the subject.
Keywords: “agriculture”, “farming activities”, “private sector”, “public-private partnerships”, “PPP”, “investment”, “business”, “development”, “sustainability”, “agribusiness”.

Databases used: Science Direct, Proquest, Google Scholar, Web of Science.

Previous findings:

- There is large literature on the importance of private sector investments for development, and likewise an extensive literature on public-private partnerships (PPPs), mainly focused on traditional applications, that is, infrastructures – ICT, Transport, power water – or to a lesser extent, basic service delivery – health and education. Nevertheless, little relevant literature is found when it comes to PPPs in agriculture and farming activities for food and nutrition security.

- The large literature on PPPs suffers from conceptual imprecision. There is conceptual vagueness, multiplicity of definitions, and differences in perceptions of business partnerships, approaches (even ideologically based, both pro and con), and research and methodological traditions. There are also disparities when it comes to defining recommendations on how better set a strong partnership, or in defining the contribution and role of PPP on development. In addition, there are very few assessments that analyse why a PPP is successful or why it fails.

- There are many different views on the impact that private investment had on the agricultural sector, and the way governments had undertook the needed reforms in order to have a conductive context for business. Also, many authors acknowledge the many existing difficulties when it comes to monitoring and assessing projects effectiveness.

- From the UN side, the leading organization in studying and developing PPPs in agriculture with a focus on smallholders is the IFAD.

There are two facts that conditioned the current analysis: a) the enormous literature existing on both public-private partnerships for development and private investments in and agriculture sector, b) little relevant literature existing on public-private partnerships for development IN the agriculture sector. In this sense, the literature review will be done from different scopes in order to have a better understanding of the context:

1. Public-private partnerships for development
2. Private investment for development in the agriculture sector
3. Public-private partnerships in the agriculture sector

Moreover, from the diverse articles and papers review, a distinction must be done between scientific literature – scientific publications that encompass original empirical
and theoretical work, which are subject to scientific scrutiny – and literature for practitioners – most of UN papers, developed for policy makers, more realistic but with risk of deficient rigour and conceptual update.

The following facts will be considered for the literature review.

**Literature review from different scopes:**

1. Public-private partnerships for development (“What are PPP, how do they work and what role do they have on development?”).
   a. A distinction must be done between “private sector development” and “private sector for development”. The policy area of “private sector development” is about helping governments to develop a conductive environment and design and implement policies to encourage economic transformation. The second term, which is newer, relates to engaging with international business activities and finance to achieve development.
   b. Similarly, another distinction must be done between public-private partnerships and multi-stakeholder partnerships. Both terms are similar, and sometimes used indifferently, but still have differences that require to be considered.
   c. As mentioned before, there is a need to clarify what does it mean to establish a public-private partnership, and the many grades and levels of partnership that can be established. The literature on PPPs remains confused and inconclusive (Brinkerhoff and Brinkerhoff, 2011), and the methods available for the study of partnerships are still very premature (Spielman and Grebmer, 2006).
   d. While there is some consensus on the importance of private sector development in developing countries, there is considerably less clarity on what it means to engage with the international private sector for development, and its consequences.

2. Private investment for development in the agriculture sector (“How private investments worked in the agriculture sector in developing countries? What are the impacts and outcomes in terms of food security and nutrition?”).
   a. In this study, the terms agricultural sector or farming activities, are conceived as those activities that comprises the primary sector: agriculture, livestock, fishing, forestry, pastoralist. More precisely, this study will be focused on farming activities in developing countries.
   b. Farming activities are mayoralty considered as private activities, and thus, farmers and smallholders have a role as entrepreneurs, and as such, could be considered as private sector. Nevertheless, in the
present research, when referring to private sector and the settling of public-private partnership, it will refer to private companies – foreign multinational companies, large domestic companies or small local companies.

c. It is very difficult to assess the impact of business in farming activities due to the many features involved in agriculture activities, and its long-term effects.

3. Public-private partnerships in the agriculture sector: this scope encompasses the main question of the study, although little information has been found. (“What socio-economic and environmental impact does PPP on Agricultural activities have at the communities of influence? How is this impact measured? “From which approach has PPP in agriculture issues been addressed from the international development literature?””

a. Several authors have pointed out the few experiences that involve business in PPP to fight hunger, and global partnerships between the private and public sectors in the agri-food systems. Other experiences of PPPs have been settled although in developed countries and for profit purposes. These examples have been dismissed from the present study.

b. As this is still a new scope and with very few examples, little is know about its impact on human development. There is a need to develop systems to monitor, evaluate and measure the results and impact.

Considering the main question of the research – the impact of PPPs in agriculture sector – and the vast literature existing on both public-private partnerships and on business and development in the agriculture sector, this study is not intended to undertake an exhaustive and in-depth review on scopes 1 and 2. Indeed, the literature review on these scopes will be narrowed in terms of human development, and limited to a general overview of what has been said so far on these issues, and summarize some of the central findings from various papers analysed. This overview will help to have a better understanding of the general context, and thus, better tackle scope 3. Thus, the literature review of these scopes 1 and 2 will be framed by the revision previously made by the Institute of Development Studies (IDS) (Yeganeh et al., 2013) in its report What is Business and Development? An Annotated Bibliography. In the so-mentioned report, the IDS provides an exhaustive collection of resources on the topic of Business and Development. The selection of these papers and articles was made on the grounds of its relevance and accessibility.
In addition, the present study will have a special focus on Sub-Saharan Africa, as this is the region in where major efforts are needed to meet MDG1. In these countries, hunger is more chronic – together with south Asia – and is where agriculture can make a major contribution to its eradication and the eradication of poverty alleviation.

As this study is done within the context of the Post-2015 Agenda process and the deliberation process, for each of these tree scopes an analysis will be also done from the point of view of international policy in the Post-2015 Agenda process. (“How is the Post-2015 Agenda process dealing with issues related with private sector and public-private partnerships within the scope of Food Security and Nutrition?”).

4.1 Public-private partnerships for development

Public-private partnerships (PPPs) have seen a rise in developing countries over the last two decades. More than 134 developing countries apply PPPs, contributing about 15–20 per cent of total infrastructure investment (IEG, 2014). PPPs took off during the early 1990s and experienced a significant growth, which lead to a decline during the early 2000s due to unsustainability of projects and financial difficulties. However, investments in PPPs have become more common in the aftermath of the 2008 financial crisis, and during the period 2007–2011 accounted for $79 billion annually (Ibidem). Although PPPs have had long tradition among English-speaking countries (mainly UK, USA, Australia), in the last years is gaining interest among other countries, institutions and development actors.

Despite of the enormous literature existing on public-private partnership, different fields have analysed them from diverse approaches. For example, in information economics, partnerships are studied with a focus on the flow of information between agents; in industrial organization and public finance, PPPs are analysed in terms of how research is organized and financed, and how technologies are transferred between countries and researchers; and in institutional economics, PPPs are examined as a governance strategy designed to minimize the costs associated with contracting (Spielman and Grebmer, 2006). Literature remains confused and inconclusive, and there are still questions about how to design, manage and assess PPPs (Brinkerhoff and Brinkerhoff, 2011). Some authors tried to address this problem, but still there is no standardised use of definitions and methodologies. Additionally, it has been remarked the need for more critical, systematic and analytical study of why successful partnerships are so few.

---

7 The Millenium development Goals Report 2014.  
The present study reviews some of the most relevant analyses in an attempt to understand what has been said on public-private partnerships so far, and collect the diverse views and approaches made on PPPs. As such, the study has addressed the following aspects: definitions; types; sectors in which have been developed; rationale for election of PPPs; impact of PPPs; international commitments and finally, the Post-2015 Agenda. These aspects will help to have a better understanding of what does it means to develop public-private partnerships in terms of human and sustainable development, and the reasons of the diversity of views and approaches. This review will help to have a better approach when analysing PPPs in the agriculture sector.

- **Definition of PPP:**

Different authors and institutions have developed multiplicity of definitions from different approaches and views. Still, there is no broad international consensus on a single and concise definition of public-private partnership, and what does it constitute. In any case, all definitions developed so far have a common denominator: PPP refers to a type of instrument used to cooperate with the private sector for developmental purposes, with special emphasis on international firms. Broadly it refers to agreements between private and public sector whereby some of the services that fall under the responsibilities of the public sector are provided by the private sector. Another definition widely used sees PPPs as a modality used by many governments from developing countries to fulfil their responsibilities on the provision of infrastructures and services.

Nevertheless, many authors insist on the lack of a single definition of PPPs, since PPPs depend on the context in where are materialized – institution, jurisdiction, investment, public procurement. Many papers have made an analysis with the intention of clarifying what does public-private partnership means and entails, and which features do encompass. As a consequence, multiplicity of definitions has emerged, with different approaches from the academic side (more empirical and theoretical) and from the policy side (more practical and pragmatic). Some definitions found are reflected below:

From the academic side,

For Colverson and others (2011), PPPs can generally be said to include: long-term contracts/agreements/relationships; a private funding component; provision of services or infrastructure through the private sector; significant transfer of risk to the private sector, such as investment, design, construction, or operational risks; complex contractual responsibilities and deliverables that vary over the contract period as the project moves through its phases, such as from finance to construction and operation; the return of infrastructure/services to the control of the State at the end of the contract term; or the provision of services by the private sector on behalf of the State.
following the fulfilment of design and build responsibilities. Colveston also points out that PPPs are a phenomenon increasingly taking hold in developing countries.

Hodge and Greve (2007) on the other hand make a distinction between the view of PPPs as a tool of governance and a financial agreement (very common in infrastructure projects) and the view of PPPs as a “language game” designed to hide other strategies and purposes. For the first view, the authors refer to the definition of PPP developed by Van Ham and Koppenjan8: “cooperation of some sort of durability between public and private actors in which they jointly develop products and services and share risks, costs, and resources which are connected with these products”. For the second view, Hodge and Greve (2007) point out that the term PPP could even enclose other strategies and purposes such as privatization and the encouragement of private providers to supply public services at the expenses of public organizations (while the terms such as “privatization” and “contracting” can cause disagreement, expressions such as “alternative delivery systems” or “public-private partnerships” invite more people to join the debate). Due to huge diversity of approaches on PPPs, the authors propose to do a distinction between social (or organizational) partnerships and economic partnerships in order to make a distinction of the various uses of the term PPP.

Other authors link PPPs with a specific need. According to Dalleau (2012), public-private partnerships could help finance infrastructure development, releasing public debt pressures on African governments already engaged in arduous efforts to mobilise more domestic public resources. In this context, PPPs could also help ensure more efficient project design and service delivery, and help spread the risks that large-scale infrastructure projects may entail. Grimsey and Lewis (2007) define public private partnership as “A risk-sharing relationship based on a shared aspiration between the public sector and one or more partners from the private and/or voluntary sectors to deliver a publicly agreed outcome and/or public service”. And Kwakkenbos (2012) define PPPs as joint programmes undertaken with both governments and the private sector, with usually the government guaranteeing private sector investment, whereas challenge funds are aid projects that are tendered out to both for-profit and non-profit private sector. In essence, the author considers PPPs as a modality to channel untied aid involving private sector participation.

Finally, Brinkerhoff and Brinkerhoff (2011), who make the most in depth and accurate analysis of what partnership means and what PPPs entails, highlight that PPPs are frequently related with municipal infrastructure and urban services, and as such, a

---

dominant tendency in the definition of PPPs concerns infrastructure financing, construction, operation, and maintenance. The authors make this assumption on the grounds of the several definitions reviewed in their paper, although they recognize that this description do not incorporate the key features of PPPs. Thus, the authors consider Bovaird’s definition as a more complete description and reflects cross-sectorial relationships: ‘PPPs are working arrangements based on a mutual commitment (over and above that implied in any contract) between a public sector organization with any other organization outside the public sector.’ On the other hand, Brinkerhoff in a previous paper develops a more sophisticated and completed definition in where partnerships are a cross-sectorial collaboration which encompasses the following features: jointly determined goals; collaborative and consensus-based decision making; non-hierarchical and horizontal structures and processes; trust-based and informal as well as formalized relationships; synergistic interactions among partners; and shared accountability for outcomes and results. The grade in which these features are developed will determine the type of PPP.

From the institutional side,

**Table 1: Distinctions between PPPs & MSPs**

<table>
<thead>
<tr>
<th>Public Private Partnerships (PPP)</th>
<th>Multi-Stakeholder Partnerships (MSP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts or transactions – based arrangement with clear vertical accountability structures</td>
<td>Less emphasis on transactions with significantly more emphasis on horizontal accountability among the partner institutions</td>
</tr>
<tr>
<td>Specific performance target/deliverables and timeframe</td>
<td>Greater flexibility around targets, deliverables and timeframes as they are expected to emerge organically as the context evolves</td>
</tr>
<tr>
<td>Operate within legal/regulatory constructs</td>
<td>Partners operate within legal / regulatory construct but the partnership itself is unregulated</td>
</tr>
<tr>
<td>Limited stakeholder engagement that is clearly proscribed in the agreement</td>
<td>Extensive stakeholder engagement is considered a critical success factor</td>
</tr>
</tbody>
</table>


---


As mentioned at the literature review briefing (beginning of chapter 4), distinction must be done between the terms public-private partnership and multi-stakeholder partnerships, although both terms are frequently used interchangeably. The network Building Partnerships for Development in Water and Sanitation (BPD W&S) emphasises the differences between both terms and identifies the features that distinguish one from other (table 1 above). Indeed, one of the main characteristics identified in PPPs is their legal nature reflected in binding contracts and clear vertical accountability structures between two signatories.

Table 2: Other selected definitions of PPPs

<table>
<thead>
<tr>
<th>Definition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International Monetary Fund:</strong></td>
<td>An arrangement where the private sector supplies assets and services that traditionally have been provided by the government. In addition to private execution and financing of public investment, PPPs have two other important characteristics: there is an emphasis on service provision, as well as investment, by the private sector; and significant risk is transferred from the government to the private sector.</td>
</tr>
<tr>
<td><strong>Organization for Economic Co-operation and Development:</strong></td>
<td>An agreement between the government and one or more private partners (which may include operators and financiers) according to which the private partners deliver a service so the service delivery objectives of the government are aligned with the profit objective of the private partners and the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners.</td>
</tr>
<tr>
<td><strong>Canada:</strong></td>
<td>A cooperative venture between the public and private sector, built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation or resources, risks and rewards.</td>
</tr>
<tr>
<td><strong>Australia:</strong></td>
<td>Partnerships between the public sector and the private sector for the purpose of designing, planning, financing, constructing, and/or operating projects that would traditionally be regarded as falling within the remit of the public sector.</td>
</tr>
<tr>
<td><strong>Standard and Poor’s:</strong></td>
<td>Any medium- to long-term relationship between the public and private sectors, involving the sharing of risks and rewards of multisector skills, expertise, and finance to deliver desired policy outcomes.</td>
</tr>
<tr>
<td><strong>McKinsey:</strong></td>
<td>Differentiates four archetypes of PPPs that all share a common vision, shared goals, investment from all partners and a formalized structure with shared decision making coordination, funding, product development, and delivery.</td>
</tr>
</tbody>
</table>

Moreover, a definition used by the World Bank Group, the International Monetary Fund (IMF), and the Organisation for Economic Co-operation and Development (OECD) sees PPPs as "long-term contracts between a private party and a government agency, for providing a public asset or service, in which the private party bears
significant risk and management responsibility” (IEG, 2014), which basically translates into a well-defined spectrum of contractual arrangements. These arrangements have in common that they are long term and usually have a joint design, construction, and maintenance and possibly operation.

Donor partners have also show interest on the development of PPPs. Apart from the ones mentioned in the table above, the BMZ has elaborated its own distinction and classification of different forms of cooperation with the private sector in the development context. Among these forms, BMZ identifies PPPs with the following definition: “a long term, contractually-based cooperation arrangement between public and private sector actors for the performance of public tasks, in which the resource required (e.g. expertise, equipment, capital, personnel) are organized jointly, and in which existing project risks are spread appropriately in accordance with the risk management capacities of project partners” (BMZ, 2011).

- **Types of PPPs:**

There is a huge diversity of PPPs. Nevertheless, there is no global agreement on the different forms that PPPs can take. Which model and type of partnership is developed will depend on the partners, specific context and needs. In an aim of classifying PPPs, different authors and institutions have developed specific frameworks that envisage different features of PPPs.

**Table 3: Public–private partnerships: a purpose-based taxonomy**

<table>
<thead>
<tr>
<th>PPP purpose</th>
<th>Organizational structures and processes</th>
<th>Performance metrics</th>
<th>Normative dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>Network</td>
<td>Technical quality</td>
<td>Equity/representativeness</td>
</tr>
<tr>
<td></td>
<td>Task force</td>
<td>Responsiveness</td>
<td>Citizen participation</td>
</tr>
<tr>
<td></td>
<td>Joint committee</td>
<td>Consensus-building</td>
<td>Transparency</td>
</tr>
<tr>
<td></td>
<td>Special commission</td>
<td>Legitimacy</td>
<td></td>
</tr>
<tr>
<td>Service delivery</td>
<td>Co-production</td>
<td>Quality</td>
<td>Accountability</td>
</tr>
<tr>
<td></td>
<td>Joint venture</td>
<td>Efficiency</td>
<td>Business values and incentives</td>
</tr>
<tr>
<td></td>
<td>Contract</td>
<td>Effectiveness</td>
<td>Access</td>
</tr>
<tr>
<td></td>
<td>Partnership agreement (MOU)</td>
<td>Reaching targeted</td>
<td>Responsiveness</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Joint venture</td>
<td>Quality</td>
<td>Accountability</td>
</tr>
<tr>
<td></td>
<td>Build-operate-transfer</td>
<td>Efficiency</td>
<td>Business values and incentives</td>
</tr>
<tr>
<td></td>
<td>Build-operate-own-transfer</td>
<td>Value for money</td>
<td>Access</td>
</tr>
<tr>
<td></td>
<td>Design-build-operate</td>
<td>Maintenance and</td>
<td>Responsiveness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>sustainability</td>
<td></td>
</tr>
<tr>
<td>Capacity building</td>
<td>Knowledge network</td>
<td>Skills transfer</td>
<td>Ownership</td>
</tr>
<tr>
<td></td>
<td>Twinning</td>
<td>Intellectual capital</td>
<td>Agency</td>
</tr>
<tr>
<td></td>
<td>Contract</td>
<td>Social capital</td>
<td>Empowerment</td>
</tr>
<tr>
<td></td>
<td>Partnership agreement (MOU)</td>
<td>Organizational systems and output</td>
<td>Autonomy/independence</td>
</tr>
<tr>
<td>Economic development</td>
<td>Joint venture</td>
<td>Poverty reduction</td>
<td>Equity</td>
</tr>
<tr>
<td></td>
<td>Contract</td>
<td>Profitability</td>
<td>Social inclusion</td>
</tr>
<tr>
<td></td>
<td>Partnership agreement (MOU)</td>
<td>Sustainability</td>
<td>Empowerment</td>
</tr>
</tbody>
</table>

Source: Brinkerhoff and Brinkerhoff (2011)

From the academic side, Brinkerhoff and Brinkerhoff (2011) propose a framework of PPP according to the purpose they pursuit to achieve:
- Policy, to design, advocate for, coordinate, or monitor public policies,
- Service delivery, governments have the responsibility for financing and payment, while subcontract service provision to the private and/or non-profit sectors
- Infrastructure, bring together governments and the private sector to finance, build, and operate infrastructure such as ports, highways, sewage and waste treatment facilities, telecommunications, electric power generation, and so on.
- Capacity building, focus on helping to develop the skills, systems, and capabilities that allow organizations targeted for assistance to help themselves
- Economic development, cross-sectoral collaborations that promote economic growth and poverty reduction. Within this category fall many of the partnerships born on the private sector side from corporate social responsibility programs.

Moreover, the IEG (2014) has developed diagram (Figure 2) that illustrates the different types of PPPs according to the degree of risk sharing. The diagram help to distinguish what kind of private involvement would be considered a PPP (white boxes – core PPP types) and what would not meet this definition (grey boxes).

Figure 2: The Spectrum of PPP Arrangements
On the other hand, the OECD (2005) has developed a preliminary analysis of the different models of PPP; although it is important to highlight the fact that OECD’s article is explicitly focused on physical infrastructure, so this classification of PPPs may be challenging to extrapolate to other sectors. It distinguishes:

- Service contracts: private sector provides a specific services to a public utility, but the public sector retains overall operational responsibility. It can be management support or operation and management (O&M).
- Delegated management contracts: public sector retains overall ownership of the assets, but delegates the responsibility for their operation to a private operator. It could be a lease agreement, or a concession.
- Construction support: private operator is involved in the design and construction phases and carries at least some of the risks associated. There are three models: build-design-operate (BDO) models, build-operate-transfer models (BOT) and build-own-operate models (BOO).

Table 4: Characteristics of alternatives forms of PPPs

<table>
<thead>
<tr>
<th>Management support</th>
<th>Operation &amp; maintenance</th>
<th>Ownership</th>
<th>Investment</th>
<th>Commercial risk</th>
<th>Duration (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management support</td>
<td>Public and private</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>1-2</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>Private</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>3-5</td>
</tr>
<tr>
<td>Leasing</td>
<td>Private</td>
<td>Public</td>
<td>Public</td>
<td>Semi-private</td>
<td>8-15</td>
</tr>
<tr>
<td>Concession</td>
<td>Private</td>
<td>Public</td>
<td>Public</td>
<td>Private</td>
<td>20-30</td>
</tr>
<tr>
<td>BDO</td>
<td>Private</td>
<td>Public</td>
<td>Private</td>
<td>Private</td>
<td>20-30</td>
</tr>
<tr>
<td>BOT / BOO</td>
<td>Private / Public / Private</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>20-30</td>
</tr>
</tbody>
</table>

Note: Operation and Management (O&M), Build Design Operate (BDO), Build Operate Transfer (BTO) and Build Own operate (BOO).
Source: OECD, 2005

Based on this framework, the BMZ has also developed a classification of PPPs used in its infrastructure projects with private operators (Figure 3).

Figure 3: PPP models in the infrastructure sector

Source: BMZ/GIZ/KFW (2008)
- Sector of PPPs:

PPPs have traditionally been pursued for large infrastructure investments (ICT, transport, power, water), as PPPs are seen mainly as an opportunity for “blending” and face large financing. Indeed, internationally, the term private participation infrastructure (PPI) is also used in the context of grid-bound infrastructures (energy, telecommunications, transport, and water supply/wastewater sectors). This is the reason why vast majority of the literature relates PPP solely with large-scale infrastructure projects. Nevertheless, PPPs are now also being applied outside the traditional infrastructure sectors, including in the health and education sector, and there are also some references to the term private sector participation (PSP), which is often used in the context of public social infrastructure (that is, education, health, etc.). Little reference is made on agriculture and farming activities sector when it comes to developing PPPs.

Figure 4: Distribution of PPPs by sector and by region, 1990-2003

Source: OECD, 2005

Infrastructure sector is particularly relevant and prominent in PPP projects because of the high volume of finance needed at the infrastructure sector, and also because this sector has traditionally had a high level of private sector involvement. Almost all developing countries have undertaken PPPs in infrastructure since 1990. In addition, the market for private participation in infrastructure is highly concentrated and dominated by large multinational enterprises. However, PPPs projects are more difficult to implement that normal infrastructure projects (IEG, 2014).
In any case, it is important to bear in mind that differences between PPPs across regions and sectors are significant, so it might becomes difficult to extrapolate the lessons and methodologies from one sector and/or region to another. Still, some lessons could be extracted from the infrastructure experience.

- **Rationale for supporting PPPs:**

  When it comes to developing public-private partnerships, different authors and institutions expose diverse arguments that justify the election of a PPP before other modalities of cooperation with private sector. It may depend on the context where PPPs are implemented together with the nature of the partners. Again, most of the literature is oriented to the infrastructure sector.

  Brinkerhoff and Brinkerhoff (2011) in their exhaustive analysis, consider that actors choose to get into a partnership for one or more of the following reasons:

  1. To enhance efficiency and effectiveness through a reliance on comparative advantages, a rational division of labour, and resource mobilization.
  2. To provide a multi-actor, integrated resources and solutions required by the scope and nature of the problems being addressed.
  3. To move from a no-win situation among multiple actors to a compromise and potential win-win situation.
  4. To open decision-making processes to promote a broader operationalization of a public good and maximize representation and democratic processes.

  From the institutional side, and generally speaking, the support to PPPs is done on the grounds of government’s capacity to improve the provision of infrastructure and social services through higher levels of efficiency and quality, while contributing directly to growth and poverty reduction.

  Economically speaking, PPPs can be used as an instrument to involve private sector when large financing requirements are needed, to bridge funding gaps. When governments are credit constrained, private finance may be considered. It could also happen that governments do not have credit constraints, but still investments become more affordable through PPPs. Indeed, by leveraging investments through private sector funds, governments can allocate the unused resources in other priorities. PPPs generally do not provide additional resources for the public sector. PPPs are also a way for governments not only for leveraging investment, but also for improving risk sharing between private and public sides involved. Public financing, or official development aid (ODA) is used to leverage private sector finance through “blending”. As mentioned before, PPPs, along with other instruments, are seen as a potential mechanism to release public debt pressures on African governments.
Nevertheless, combining donor finance with private finance is not an easy task and raises many questions among the international community: How to achieve the capacity to negotiate deals (especially from governments from developing countries)? How to find the degree and right balance of risk between public and private partners? How to tackle the complexity of putting legal conditions in place to allow PPPs? And most especially: how to deal with the difficulty of ensuring government development priorities through profit-oriented projects, and ensuring value for money? (Byiers & Rosengren, 2012). Indeed, there is a need to achieve a sound engagement of business in sustainable development, as stressed by the UN Global Compact.

**Figure 5: One of the Building Blocks identifies by the UN Global Compact**

![Diagram](image)

Source: UN Global Compact, 2013

The World Bank Group (IEG, 2014) sees PPPs as a way to optimize cost recovery by mobilizing private sector resources to cover the capital expenditure costs up front (or at least most of it) and make the public sector pay during delivery of the services (see figure 5 below). By doing so, PPPs provide performance incentives. The main advantage that PPPs may offer over traditional public procurement is potential efficiency gains and better use of resources at the construction and maintenance phases.

**Figure 6: comparison of public sector payment profiles**

![Diagram](image)

Source: IEG, 2014
How does PPPs work in this context? Funds are achieved through public calls for tenders in order to implement a project. There are two types: 1- funds refinanced through private and public contributions and involving private fund management; and 2- specific funds that are used to finance PPP projects, and that can be used in all sectors (BMZ, 2011). In any case, companies must understand the distinctions between impacts from “inclusive business” and from subsidised business. In this sense, PPPs need stable markets, sound legal frameworks and well-designed projects. Furthermore, PPPs can also be seen as an instrument to respond to market failures while minimizing the risk of government failure. However, the use of PPPs when market imperfections exist can entail the use of ODA, and this is a complex issue that requires to be carefully analysed and established on order to obtain clear development gains.

On the other hand, governments also see PPPs as an instrument to access to private sector expertise and technical know-how. In addition, they are also seen as a way to ensure more efficient project design and service delivery and improve effectiveness. A World Bank study concludes, “private sector in infrastructure improves efficiency and, often, quality of service. The most detailed studies of private participation have shown substantial welfare gains, and measurable impacts on important social indicators such as child mortality” (OECD, 2005). Nevertheless, such impression is based on the belief that the private sector is inherently ‘better’ at management than the public sector, and underappreciates the irreplaceable role that governments play in the provision of public services (Brinkerhoff and Brinkerhoff, 2011).

From the development point of view, PPPs could improve the livelihood of the poor. Examples of positive effects on the poor could be: indirectly, by creating jobs; by raising the service quality in a poor area through efficiencies of a private provider; or it could also happen that a private company services a poor area in exchange for the right to service a wealthier area. In addition, in those cases in where a PPP provides a basic service for the poor, access and quality must be compatible with affordability. Tariffs must find a balance between affordability and cost recovery required by private sector. Hence, the decision of whether to introduce PPPs or not is closely linked to the existence of policies that aim to protect the poor from sudden tariff increases. However, finding the right balance between profitability for the private sector and development outcomes within the framework of human rights is extremely challenging, and is one of the major issues to be confronted when a PPP is developed.

- Impact of PPPs:

As mentioned, PPPs’ major challenge is to address the balance between private and public impacts and benefits. Although PPPs have been developed for some time, there is no clear analysis on the impact they had so far, and can have in the future. Indeed, and despite of the relatively newness of this instrument, “results to date with PPPs
have been mixed, with lessons yet to be learnt and applied” (OECD, 2011). Another issue to face is the lack of commonly agreed guidelines for assessment and measure impact. Indeed, some large international companies evaluate their own business initiatives and guidelines for development.

Moreover, some actors consider that the economic growth enhanced by PPPs is not necessarily translated directly into poverty reduction. Kwakkenbos (2012), in his paper, has doubts about the development impact of PPPs for several reasons: financial risks are often disproportionately carried by the public sector; the selection of projects is done between donor and the private entity, with little or no involvement of the partner country; PPPs only take place when the private side shows interest; some donor-funded PPP programs are only accessible to firms from donor countries, and this is a form of aid tying; to date, there is no evidence that companies have delivered the expected impact on development and poverty eradication.

Besides, Hodge and Greve (2007) cite a variety of assessments on PPPs that raise questions about the value for money rationale, and documents governance and regulatory failures. Brinkerhoff and Brinkerhoff (2011) also point out the possibility that PPPs may restrict competition and choice, increase costs to consumers, and “limit access to innovation”, and mentions that these risks are well known in the practice and literature on intellectual property rights, with well documented cases concerning pharmaceuticals, and in the computer industry, for example, Microsoft’s philanthropic programming in Africa. In practice, many PPPs may not achieve their intended public benefits, either due to poor implementation or skewed incentives; and/or they may achieve unintended consequences. Financing of PPPs – debt and equity – may be more expensive than public borrowings – where Governments are capable of achieving better terms –, and experience with management contracts has apparently been disappointing with expected efficiency gains (Gantsho, 2010). On the other hand, many governments are either lacking administrative capacity or hesitating to fully involve at PPPs and establish the conditions for success, or cannot deal properly with the process of evaluating and awarding contracts (OECD, 2011; OECD, 2005). There is also the possibility that consumers experience possibly higher prices and connectivity fees in exchange of other benefits such as efficiency gains (OECD, 2005). Moreover, Hodge and Greve (2007) note positive assessments from both individual studies and reviews, but argue that equally “authoritative studies and reviews reach sceptical or negative conclusions”. The authors observe that there is little evidence that money “saved” through PPPs on infrastructure is diverted to other pressing uses (as one argument for PPPs is that they can relieve pressure on the public budget), and there is no clear evidence that states can achieve better value-for-money.

In any case, PPPs need to be commercially viable, with financial returns. According to an analysis of World Bank’s data on private participation in infrastructure projects, the
majority of finance goes to well-performing sectors such as telecoms. At the same time, many of the projects associated with PPPs, in particular for infrastructure, are projects entail a high level of inherent commercial or political risk (Byiers and Rosengren, 2012). Many cases failed because of the complexity and political implications of the policy sector reform processes and volatile government commitment, or/and because of the lack of resources and local skills (IEG, 2014). Other cases have failed because many governments in developing countries have seen private investors simply as a source of financing to be used to supplement limited public funds, and have not seen the challenges ahead that entail PPPs, such as a sound legal and regulatory system (OECD, 2005).

At the World Bank Group’s evaluation on its experience on assisting developing countries on PPPs (IEG, 2014), considers that PPPs (in those projects supported by the WBG) are largely successful in achieving their development outcomes: “According to the development outcome rating of project evaluations, more than two-thirds of PPPs are successful”. However, the evaluation admits that most public-private partnerships are developed in countries that have better frameworks to handle PPPs. Likewise, it highlights that the existing monitoring and evaluation systems is primarily built to assess only PPP’s business performance (that is, operational aspects of a PPP that are relevant to cash flows), and does not assess quality, efficiency or development outcomes (there are little data available on pro-poor and fiscal effects), and admits that PPPs need to be measured in a more multidimensional manner. Development outcome of PPPs projects tend to be better in countries with a higher level of readiness for PPPs. WBG’s evaluation presents a set of recommendations (among others):

- Better assist governments in (i) making strategic decisions with regard to the level and nature of private sector participation and (ii) assessing fiscal implications.
- Ensure broad stakeholder consultation and government commitment.
- Provide authoritative guidance to staff on how to handle unsolicited PPP proposals.
- Define principles for the monitoring of PPPs over the long run to capture all vital performance aspects of PPPs.

Moreover, the IEG (2014) makes the following recommendations to governments: increasing the financial viability of the sector, restructuring sector-relevant institutions, increasing sector management capacity, improving the regulatory regime, and creating a space for private sector participation. Frequent stakeholder consultation and active involvement of local staff likewise contributed to the success of policy reform. The most frequent factors of failure are overly complex project design and an initial unrealistic timeframe (Ibidem).
There are also challenges for the private sector when it comes to set partnerships with public institutions and donors. Poulton and Macartney (2012) mention in their paper a study in where it is observed that private operators frequently complain of insufficient government commitment to agreements, especially after political changeovers. This so-mentioned study recommends: 1- more transparency; 2- mechanisms, such as multi-stakeholder fora, to give partners a voice; and 3- that private operators build strong relationships with customers, who “may then be a source of support in disputes with political leaders”. On the other hand, the following challenges were presented by the private sector participating at the MDG Summit on 2010: i) fear of failure: companies need to be willing to take some risks but also to be able to end a project that is not successful; ii) constraints on staff: the project might cause some constraints on the staff and they will need sufficient training, support and innovative room for manoeuvre; iii) profit pressure: many companies might run into situations where they have to balance between pressure for short-term profits for the shareholders, and long-term value creation; iv) practical challenges: new partners will pose new challenges related to issues such as language, payment systems, time horizons and risk management; v) financing: companies might find it challenging to find sufficient funding for their private sector engagement; vi) attitudes: breaking new barriers and introducing new business models always runs the risk of facing misunderstandings, scepticism and suspiciousness (UN Global Compact, 2010).

Another issue, which has not been tackled enough, is the involvement of development country governments as another actors in the PPP. In some cases they are completely absent. Some authors suggest that discussions are primarily donor and private sector led, with a “questionable level of ownership by the partner country” (Kwakkenbos, 2012).

In a nutshell, both, risks associated and the contractual nature of PPPs, highlight the importance of a robust legal environment, which is absent in many developing countries. Countries need to be sufficiently mature to correctly apply the concept of PPPs, and not only in terms of building the legal and institutional framework, but also in terms of capacity building. Also, monitoring and evaluation systems need to be developed measure PPPs in a more multidimensional manner. Giving all these challenges and barriers, the possibility of achieving developmental goals and human rights through private sector engagement and PPPs is not a simple task.

- **International Commitments:**

In 2011 at Cannes, G20’s statement highlighted the need to focus on private sector engagement by promoting an adequate environment for Public-Private Partnerships. Moreover, at the 2008 and 2012 G8 Summits, donor countries also committed to support agriculture.
There are many initiatives launched to enhance the establishment of new partnerships between governments and corporates; for example, the major international initiative Business Call to Action (BCtA). Other initiatives at donor level includes: the Danish Danida Business-to-Business programme (B2B) supports the establishment of mutually beneficial and long-term partnerships between companies from developing countries and Danish companies; GIZ’s DeveloPPP.de competitions, where European business sectors prepare public-private partnership proposals to compete for GIZ funding; The Netherlands has a Private Sector Investment Programme (PSI), which provides grants to partnerships between Dutch and local companies from developing countries; or the multi-stakeholder cooperation between USAID, UNICEF, Bill and Melinda Gates Foundation and Unilever. The World Bank Group has recently expanded its assistance to developing countries in improving access to infrastructure and basic services through PPPs

- **PPPs in the Post-2015 Agenda:**

Within the context of the Post-2015 Agenda, certain references on public-private partnerships are made throughout the process of dialogue and discussions. In many occasions these references are limited to examples of initiatives on PPP already existing, and mainly on infrastructure sector (such as the SE4ALL initiative). But most of the reference present PPPs are presented as a possible instrument to truly engage private sector in development and sustainability and tackle inequality problems.

- **The UNSG High Level Panel** made a reference in its report on public-private partnerships to tackle inequality, but mentions that “Social partnerships must supersede public-private partnerships”. The UNSG’s HLP of eminent persons already identifies the need to Transform Economies for Jobs and Inclusive Growth as one of its transformative shifts and priorities.

- **The UN Global Compact**, in its strategy presented, refers to “the increasing involvement of the public sector, both in terms of regulation and soft policies, to require or encourage better business practices”, and refers to “new forms of public-private partnerships” as an example of this trend. In any case, this report presents a strategy for a comprehensive collaboration to promote corporate commitments on sustainability and development, rather than offering an in-depth analysis of the possible ways and instruments existing.

- **At the UN document A million voices**, it is mentioned that “The role and regulation of the private sector was seen as pivotal, and businesses need to be accountable to the public, especially for the management of public goods and services: it is important to rethink public–private partnerships as ‘public–people partnerships’”. This point is envisaged as an issue of good governance and accountable and inclusive institutions, and in a framework of people empowerment and participation in the decision-making process.
These three documents convey the idea of the need for a swift from the current style of PPPs, more focused on business, to a more social PPP that enhances sustainable development and social and environmental outcomes.

- At the OWG SDG outcome document, it could be interpreted that no distinction is made between PPPs and MSP (even though the academia and some organizations make a difference between both and see each other as different instruments). In any case, this is an important step forward in a possible future commitment. The OWG SDG document has identified MSP as a Means of Implementation under Goal 17 - *Strengthen the means of implementation and revitalize the global partnership for sustainable development*. This target states: “17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships”.

- At the Synthesis Report of the Secretary-General On the Post-2015 Agenda, partnerships are considered key for a successful agenda, and identified as one of the six essential elements to deliver on the SDGs. Indeed, the Secretary General refers to the term “public-private-people partnership” (P4).

Considering that the post-2015 process is now in a political stage, no technical and in-depth analysis has been done so far. It must be noted that the papers and documents presented have a political profile, as they are intended to feed and boost discussions on the future agenda. In any case, the solely fact of mentioning PPPs at these documentation, is a step forward for a possible future political commitment. It won’t be until the endorsement of the new agenda when technical advocacy could be done, and possible instruments may be analysed and developed more in detail to implement the new agenda.

- **Summary:**
  
  - Despite of the enormous literature existing on public-private partnership, it remains confused and inconclusive, and there are still questions about how to design, manage and assess PPPs. Many papers have made an analysis with the intention of clarifying and as a consequence, multiplicity of definitions has emerged.
  
  - There is a huge diversity of PPPs, but no general agreement on the different forms that PPPs can take. Many authors have developed their own classification system. Which model and type of partnership is developed will depend on the partners, specific context and needs.
  
  - PPPs have traditionally been pursued for large infrastructure investments, but they are now also being applied in the health and education sector. Nevertheless, little reference is made on agriculture and farming activities.

  - There are diverse arguments that justify the election of a PPP before other modalities
of cooperation with private sector. The support on PPPs is done on the grounds of their capacity to improve the provision of infrastructure and social services through higher levels of efficiency and quality, while contributing directly to growth and poverty reduction. The major challenge of PPPs is to address the balance between private and public impacts and benefits.

- Although PPPs have been developed for some time, there is no clear analysis on the impact they had so far. However, most PPPs are developed in countries that have robust legal frameworks and readiness to handle PPPs.
- There are challenges from both the private and the public side, but legal and institutional framework and capacity building are indispensable preconditions for successful PPPs in terms of viability, cost recovery, sustainable development and the fulfilment of human rights. Moreover, A monitoring and evaluation systems need to be developed measure PPPs in a more multidimensional manner.

4.2. Private investments for development in the agriculture sector

In developing countries, staple crops yields often remain far below their production potential and vary significantly between farming regions. In addition, significant amounts of the food produced in developing countries are lost in postharvest activities – harvesting, handling, storage, processing, packaging, transportation and marketing. Giving the current global situation and pressures for agricultural production – climate change, natural resources degradation, competition for land, water and energy, surge in food and energy prices, conflicts and insecurity, population growth, changes in food demand, etc. – the global food system is facing an unprecedented pressure to achieve global food and nutrition security.

For many years, agriculture sector – and so do rural areas – has been neglected by policymakers in many developing countries, particularly in agriculture-base economies. In fact, in the African context, it is often seen as old-fashioned (Foresight, 2011). There has been under-investment in farming activities by both the public (governments and donors) and private sectors, because of the growing perception that agriculture was unprofitable. Indeed, official development assistance (ODA) to agriculture declined after the success of the Green Revolution. Along with the absence of investing, there has been also a policy vacuum. Meanwhile, support to agricultural activities in developed countries has increased (Sahan & Mikhail, 2012), and even in transforming and urbanized economies, commitment to agricultural development has been strong.

---


12 In 1979, aid to agriculture was 18 percent of total assistance. By 2006, it was 2.9 percent. In addition, government investment in agriculture in developing countries also fell by one third in Africa. (IFAD)
Nevertheless, the surge in food prices that lead to the 2008 crisis added momentum to a renewal of attention on agriculture. Indeed, the 2008 crisis has not been an isolated fact, and markets are bound to become more volatile due to the combination of various factors: increased incomes, and shifting patterns of demand; increased demand for biofuels – greater demand for plantations on which to grow biofuel crops such as oil palm –; export restrictions; lack of market information; etc. As a consequence, there are limited food supplies and food security is threatened mainly in net food importing countries, and affecting especially among the poorest – particularly smallholders, as higher food prices do not always filter down to poor farmers. Therefore, there is an increase of food demand, and many countries plan to shift to self-sufficient schemes in terms of food supply. As point out by many authors, this context has lead to an urgent need for massive investments – public and private – in the agriculture sector, and a significant interest in exploring on the potential of private sector investment and foreign development investment (FDI) in agriculture. It is widely support the idea that private sector initiative can promote agricultural development and growth and thus, reduce poverty. Indeed, it is in agriculture-based economies, particularly those of Sub-Saharan Africa, that the needs for financing and private investments are greatest.

Considering the opportunities and challenges of private investment in agriculture, a new organizational arrangement and cross-sectorial engagement are essential. And an increased collaboration between governments, private sector and civil society are essential to achieve future sustainability of the global food system.

The present study undertakes a general review of some of the most relevant analysis made on private sector involvement in agriculture. Although agriculture sector might not be the most interesting sector for business, a multiplicity of potentialities have been identified, but also many challenges must be considered, together with the particularities and sensitivities of the farming sector. The following aspects have been addressed: particularities of agriculture; benefits, risks and challenges of investing in agriculture; scopes to invest to achieve a positive impact; private governance; the role of public sector and development partners; international commitments; impact of private investments; and finally, the Post-2015 Agenda. This review will help to understand the interactions of the private sector in the agriculture sector in terms of human rights and sustainable development.

- **Particularities of the agricultural sector**

Before getting into the issue, it may be helpful to reflect some of the particularities identified at the agriculture sector, which might be useful in order to understand the differences that investments in this scope might entail.
• Food is essential for survival and for mental and physical development – nutritional deficiencies during pregnancy and the first two years of life can entail lifelong effects. Besides, issues of culture, status and religion also strongly affect both food production and demand, and shape the food system of a country.

• The perishable nature of the grate majority of agricultural products and its price inelasticity sets up its marketing and trade flows.

• As mentioned before, farming is essentially a private sector activity (though in some countries there has also been cultivation from government-owned farms) in which farmers apply their labour and capital to produce crops. Nevertheless, farming inevitably requires a range of public support services, as some services are never provided in sufficient quantity or quality by market institutions (Stiglitz 1998).

• Farming activities have a major impact on Earths environmental systems, as it is grounded on the management of natural resources, and requires flexibility to adapt to multiple agro-ecological niches. Food production uses much of the global land surface and water resources, thus agricultural activities have a challenge of increasing productivity without compromising the world’s capacity to produce food in the future. Agriculture itself is estimated to contribute 12–14% of greenhouse gas emissions (Foresight, 2011).

• Yields of land and labour are dependent on soil extension and quality and cultivation techniques, seed quality, extent of fertilizer and water application, and measures taken for disease and weed control. The growth in the agriculture sector is dependent on investments at all levels, in agriculture inputs, infrastructure and all across the value chain.

• The agriculture sector presents high risks related to weather, crop disease and food prices. Rural credit is complicated by the seasonal nature of much agricultural production, weather and price-related risks, and the dispersed nature of farming.

• A network of agribusiness activities link farmers to consumers, but the agriculture production chain is a highly complex system. Besides, nowadays food systems from different countries are linked at all levels. Additionally, agribusiness activities encompass from raw materials to processed products, together with inputs for agricultural production such as seeds, agricultural chemicals, and pesticides. A very limited number of very large developed-country transnational companies are dominant in the upstream (suppliers) and downstream (processors, retailers, traders) ends of the agribusiness value chain (IEG, 2011), especially in the fisheries sector. Nevertheless, there is some evidence that this trend may be reversing, with the entry into international markets of new companies from emerging economies (Foresight, 2011).
• Many developing countries are characterized by having underdeveloped arable land, lack of management of water resources and high levels of unemployment in rural areas. Furthermore, productivity of the production chain is lower in agriculture-based economies than in transforming and urbanized economies due to limited access to modern inputs (fertilizers, improved seeds), irrigation, communication, markets, transport, and credit (IEG, 2011).

• Moreover, in most developing countries, there is litter concern and effort in complying food safety standards in domestic traditional markets. When smallholders try to access domestic urban and export markets, they find they are put in a disadvantage. This situation is exacerbated by their geographic dispersion, low educational levels, and poor access to capital and information. Thus, major foreign exporters produce high value agricultural products on their own farms, and access domestic urban markets of developing countries.

• Sub-Saharan Africa countries have agriculture-based economies — with poor road and market infrastructure, underdeveloped financial sectors, and higher weather-related and disease risks, among others. In terms of agribusiness, the context is characterized by: a difficult business environment with high transaction costs, lack of native entrepreneurs, small size of the potential investments, and lack of access to markets (IEG, 2011). These characteristics constrain private sector investment in African agricultural markets. Moreover, Poulton and Macartney (2012) point out that unpredictable state policies are what currently discourage private investment in African countries. In general terms, private sector is more interested in purchase agriculture outputs than participate in the provision of pre-harvest services and the supply of agricultural inputs (Poulton and Macartney, 2012; Kelly et al. 2003).

- Benefits, risks and challenges of private investment in agriculture.

As stated in the introduction (chapter 1.1), agricultural growth’s impact on poverty reduction could be as much as five times greater than general growth in low-income developing countries. The benefits of investing in agriculture development are multiplied by its multifaceted nature. Moreover, it is generally recognized the potential synergies among other sectors such as transport infrastructure, irrigation and drainage (water management), finance and access to credit, research and extension services, access to land, or policy environment.

Despite of the importance and urgent need for investments in agriculture, particularly for private investments, every author acknowledges the risks that it also involves and the previous transformations, reforms and controls needed in order to achieve positive outcomes and contribute to the reduction of hunger and poverty. For example, many authors have highlighted that the growing demand on animal products
and biofuels provide an opportunity for the private sector to invest on grains for livestock feed and sugarcane and non-food crops for biofuels. Despite of the potentialities of these demands in terms of economic benefits and business, a comprehensive consideration must be taken on the sensitiveness of these issues and the possible impacts that it may have on global food security. As such, it is essential to reach a complementary between the roles of public institutions and private firms.

In any case, it is worth face these risks associated, as benefits of such investments are many. Examples of the many positive outcomes of private investment and FDI on the agriculture include: secure food supplies and reduction the price volatilities, generation of jobs, increasing of local incomes directly or indirectly, diversification of rural economy, access to new technologies and inputs, access to new markets, etc. In addition, agriculture and agribusiness could make a strong contribution to gender empowerment by allowing women to generate an income. On the contrary, among the several risks that entails for both, citizens and local communities, and also private investors, there are: risks involved in producing non-traditional crops; discount of land use, property and rights; diversion of land use to non-productive use or non-food crops; increasing emphasis on export-oriented agriculture; little benefits sharing; policy changes, such as export bans; etc.

Most of the cases, investments are undertaken directly by foreign or domestic private firms, being farming a private activity. Suleman (2009) on the other hand, focuses on examples of cases in where governments from foreign countries enhance investments in agriculture in those developing countries with abundant agricultural resources, in order to ensure their own food security. In these cases, these governments take the initiative and act as facilitators to encourage private investments in agriculture. The role of governments is focused on paving the way in making it easy for investors to undertake FDI in third countries. In this sense, the government identifies potential investments, negotiates with the host country to secure land acquisition, and/or undertakes discussions with the host country to ensure incentives – as the agricultural produce from the investment should be exported to the country. On the meantime, as a prerequisite, local communities in the host countries should benefit from the investments, such as: access to some of the output, employment, technology or knowledge-transfer (Suleman, 2009). Nevertheless, it draws attention from his paper that some of these investments are taking place in countries with food insecurity contexts and recipients of food assistance (such as Ethiopia and Sudan).

In any case, the lack of policy reforms for private sector is especially relevant in African countries. Some authors indeed have point out that Africa is the only region of the world in which the degree of openness to private sector has not significantly increased during the past two decades. Even the number of interventions in agribusiness
undertaken by multilateral agencies have been well below average in Sub-Saharan Africa countries (WBG, 2011).

**Figure 7: Best and worst African countries to do business**

![Map of African countries ranking for doing business](image)

Ranging from 1 = very good, to 46 = very poor business climate
Source: Byiers and Rosengren, 2012.

**Challenges of investing in agriculture:**

In any case, investing in the agriculture sector entails specific challenges that apply to the particularities of farming activities – market volatility and risk related to weather and crop disease, which affect from the side of small-farmers (it can threaten food security or unprofitability), banks, and companies (input suppliers). Yet, a number of additional obstacles are also found in the agriculture sector of developing countries. Here are some of the main challenges highlighted by most authors and which involves major concern when it comes to attaining development outcomes:

- One of the main issues commonly referred to by many authors is **land acquisition**. Large-scale investments usually entail large-scale land acquisition, which are a way to attract FDI for those countries with abundant arable land and sufficient water resources. Moreover, after the 2008 crisis, many countries – notably net food importing countries – seek to acquire land in order to secure their food resources. However, uncertainty in such land rights is a major disincentive for investments in food production in many low-income countries (Foresight, 2011). This is a sensitive issue and caution is needed to prevent speculative investments or lost of local land rights or exclusion of landholders from the benefits of the investment – some of these activities of land acquisition (in certain contexts, also known as land grabbing) are taking place in
food insecure countries. Large-scale land acquisitions during commodity booms can be particularly detrimental to social and economic development (Songwe and Deininger, 2009). This could be avoided by regulating investments through legal protection of all land rights – distribution of land rights and the formalization of land rights –, and the mandatory inclusion of small-scale producers and impacted local communities in political decision-making processes to ensure they have a say in decisions that affect their land. Farmers’ access to land is determined primarily by land distribution and tenure patterns, which vary across countries and regions depending on the historical, social, and political context. Formalization of land rights can contribute to poverty reduction and agricultural productivity improvement (boosts local investment on land).

• Another issue to consider is access to credits, whether for buying inputs in the short term or for investing in land improvements in the long term. The agricultural credit problem in many developing countries, mainly Sub-Saharan countries, is characterized by financial market failure associated with lack of information as well as the presence of high risk. Financial market failure occurs because it is costly to screen input credit applicants, and institutions for contract enforcement are weak; in addition, insurance is absent (for similar reasons) and farmers lack collateral for loans (Kelly et al. 2003). Limited access to credit constrains the demand for productivity inputs, and as a consequence, discourages private investments in input supply and contributes to low productivity in agriculture (Jayne et al. 2001). Poor transport and communications that limit the scope of the market and increase the risks and costs, or weak property rights often in conflict also have an impact on the credit system (Ibidem). Moreover, because of the recent financial crisis, access to credit from the banking and financial sectors have become more restrictive. A solution could be farmers-associations, blending finance or interlinked markets (e.g. processors who use a farmer’s expected harvest as collateral for seasonal input credit).

• Poor infrastructures are also an important challenge, particularly in Sub-Saharan Africa countries. Poor roads and marketing infrastructure hinder the development of agricultural activities in many developing countries. Primary roads, railways, warehouses, ports, and airports are important for trade, not only at local and regional level but also at international level. Especially important are rural and secondary roads for linking small-farmers and villages to local markets. Inadequate transport infrastructure and services in rural areas can lead to high marketing costs that undermine local marketing and export of food staples (IEG, 2011). Other infrastructures are needed to reduce post-harvest losses, such as storage, rural marketplaces, wholesale markets, and
market-information systems. On the other hand, infrastructure in agriculture also entails infrastructures in terms of access to water and efficient management of water resources. Poor infrastructures in water management also involve poor productivity, and there is considerable scope for expansion of irrigation in Sub-Saharan Africa.

- Agribusiness specialists and **agriculture-related skills** and qualification are often missing, notably in Sub-Saharan African countries. This fact, together with a lack of access to information on investment opportunities, implies a considerable obstacle for private development. Dealing with agri-business and private investment is not a simple activity, and it requires knowledge and adequate preparation. As Suleman (2009) stress, private sector needs to identify clear investment opportunities, and this requires pre-feasibility studies undertaken by a reputable independent third party, together with sound qualification by recipient governments in dealing with potential investors. Instead, FDI and private firms finds numerous related obstacles from the side of recipient governments, such as the bureaucracy or the absence of clear open commitment, clear channels of communication, long term-contractual guarantees, openness, good governance and transparency (Ibidem).

While there is no doubt that profitability and cost recovery are essential in private investments activities, development outcomes must be also pursued. In these sense, smallholders have a central role in these operations, and an important component of both hunger and poverty reduction. Small-scale farmers are not only an essential part of the productivity chain, but they are precisely among the poorest and the most food insecure — due to the lack of access to the markets, land, finance, infrastructure and technologies. Besides, it is frequently reinforced the idea that supporting smallholder farmers would enhance world food security and reduce poverty (FAO, IFAD). This is especially relevant as 500 million of small farms in developing countries support almost two billion people, which is nearly one third of the global population (IFAD). Besides, it is important to note that the majority of private investment on small-scale agriculture is made by small-scale producers themselves (Sahan & Mikhail, 2012). Nonetheless, smallholder farming has been long neglected. The development of business and market economies does not always reflect the interests of poor rural people. Small farmers are frequently left apart from the agricultural value chains – middlemen and intermediaries capture most of the value produced – and this prevents them from improving productivity and incomes. For investors, understanding such commercial models and limitations for smallholders’ production is absolutely paramount, plus if it is considered that in developing contexts such as Africa the average agricultural holding is around 10 hectares. Even though many papers make references on smallholders and the need to keep them involved in the projects, only a few authors underline the importance of focus investment explicitly on small-scale
producers, particularly women producers. New business models for working with smallholders are essential if sustainable development and human rights are to be achieved.

Figure 8: African smallholder cycle

Source: Grow Africa, 2014

- **Where to invest to ensure a positive impact for the fulfilment of sustainable development and human rights:**

Numerous authors and papers have identified concrete key scopes in where private interventions can ensure positive impact in increasing agricultural productivity while achieving positive development outcomes:

1. **Markets, and Agribusiness:** Agribusiness, agro-industry, and market activities are integral to agricultural and rural development. They connect farmers to input/output markets and economic opportunities, and enhance linkages between agricultural and non-agricultural economic activities. Efficient markets allow small-farmers and agribusinesses to get market opportunities and benefit from increased farm productivity. However, market failure is more prevalent in less-developing countries (LDCs) (Stiglitz, 1998). In developing countries, particularly in Africa, value chains are loosely structured, and the risks and unit costs are often too high for smallholders to access markets, inputs and services in a viable way. In turn, this fact impacts the viability of companies undertaking value-adding activities such as processing.
In this sense, investment in local and regional markets is essential as these are the markets upon which most small-scale producers depend (international markets are beyond the reach of the majority of smallholders, and those who access to international markets are extremely vulnerable to shifts). Business and financial reform aimed to facilitate entrepreneurship in the agriculture sector can increase food production, diversification, and revenues and strengthen rural economies. In order to develop a local agro-industry sector, investment is required in manufacturing and processing – acquisition of equipment, working capital and relevant skills. Processing agricultural products may enable small-farmers to generate additional value and jobs for local communities. Besides, most of the countries have received foreign and local investment in agribusiness and the food industry, including the rise of supermarkets (IEG, 2011). Increasingly, small-farmers’ outputs are being purchased by large private firms, who want assurance that these outputs meet quality and safety standards.

It is important that small-scale farmers diversify their production, in order to be less vulnerable to changes in weather, pest infestations or even markets. In addition, smallholders must produce income-generating crops that could move them out of poverty. In this sense, it is more effective to invest in staple food as demand for food is growing across developing countries (Sahan and Mikhail, 2012). This will also help to strengthen regional markets. Crops commonly cultivated by Africa’s smallholders are millet, sorghum, peanuts, soybeans, cowpeas and so.

2. **Extension services and research**: assistance – through extension agents, farm-operated extension services, etc. – is essential to train farmers in crop and soil management, input use, skills and knowledge on best practices, etc.; and can help to “expand the social capital within and between institutions and communities in the food supply chain” (Foresight, 2011). It is also important to encourage knowledge exchange: create links between agriculture and agribusiness specialists, producers and consumers, and between farmers’ needs and local conditions and researchers (IEG, 2011). Plus, the acquisition of skills for input use can stimulate the demand of inputs in Africa and unleash private sector input markets (Kelly et al, 2003). The needs of women in assistance services require a particular attention, considering their special situation and their strategic role in agriculture production. Information is also an important role of the extension services, such as a market information system on raw material prices and input and output prices.
Moreover, research is required to improve productivity and sustainability, and help increase in-country capacity. It is also important to invest in research in modern technologies in order to face the coming challenges for food security – especially in improving sustainability. In agricultural research and extension, the public and the private sectors have important and complementary roles that need to be coordinated (IEG, 2011; Foresight, 2011). Apart from research and development, communication to spread new-knowledge is also critical (Foresight, 2011).

3. **Rural infrastructure and public services**: as small-scale producers need physical infrastructure — roads, ports, storage facilities, irrigation systems, information and communication technology (ICT) systems. Rural and secondary roads are critical for the development of local markets. At the same time, rural population need basic services such as child care, schools, health centres, clean water supplies, and so. In this point, public investment has a major role.

4. **Land rights**: Secure rights to land can bring underutilized land to cultivation, and can encourage farmers to invest in irrigation and drainage, soil conservation measures, and other natural resource management practices to improve the productivity of their land. Strengthening other rights such as water, fisheries and forests are also essential. The UN Voluntary Guidelines on the Responsible Governance of Tenure, developed by the Committee on Food Security (CFS), provide a set of guidelines on how investments can be beneficial and not undermine land property and human rights.

5. **Financial markets**: access to credit plays an important role in facilitating and promoting agricultural production. Improving access to credit is critical for meeting a range of farmer and agribusiness needs and for the success of development programs.

6. **Enhance the creation of producer organizations**: the development of co-operative enterprises, associations, private limited companies or informal networks of producers can empower small-scale producers. They can share risks and costs, get better market information, and negotiate collectively to acquire better prices of agricultural inputs, insurances, logistics service, or better shelling prices against big agri-business firms. Also water users associations can improve water management, maintenance of irrigation systems and fee collection.

7. There are other crosscutting issues to consider in any investment project such as as environmental sustainability, as food production depends on healthy ecosystems. Also gender issues and women’s empowerment are fundamental, as women have less access to inputs, land and other resources needed for producing food, although they comprise 43 per cent
of the agricultural labour force (FAO, SOFA 2011). There is a need, thus, to empower women and focus on their unique challenges.

Studies by the International Food Policy Research Institute (IFPRI) have found that investment in research, extension services and road infrastructure have some of the largest returns for agricultural growth and poverty reduction (IEG, 2011). However, in determining where and how much to invest in producing more food, policy-makers will need to consider a range of different criteria rather than focusing only on increases in production alone (Foresight, 2011).

- **Private Governance:**

When tackling private investment, an issue that deserves a particular consideration is private governance of agrifood systems, a phenomenon that has appeared as agrifood value chains have become more globalized. There has been a proliferation of private standards, public-private standards, codes of practice or other mechanisms in terms of food safety, environment or labour rights adopted by some firms to regulate themselves in the value chains in where they operate. Indeed, food industry leaders have called for standardising and extending best practice in the food supply chain to make improvements in sustainability across the food system (Foresight, 2011).

However, according to Henson (2011), despite of the impact and concern that has raised this issue, there is little review on this area and many questions still remain unanswered. Henson (2011) reviews various cases studies, and concludes that at this stage it cannot be taken for granted that private governance of agrifood systems is a “good” or “bad” thing *per se* and that these mechanisms are effective or not in achieving food safety and sustainability. Thus, in his revision of case studies, Henson identifies a number of unresolved issues and on-going controversies in the underlying process by which private governance is established: the difficulty in identifying and analysing the impacts of private governance – private rules implemented by a small group of actors can impact a multitude of other actors across different locations; the disparities in power relation among stakeholders – private rules are often developed by a limited number of actors, with limited or non-existing participation of the rest of stakeholders, particularly civil society organizations and smallholders; or the relation with traditional public-governance, and till which extent can private sector fill the spaces left by the public sector, when state regulations are ineffective (in Sub-Saharan Africa countries for example governance and country capacity are weaker).

Still, as previously stated, there is no consensus on whether private standards have a positive or negative impact, or if these standards exclude smallholders or, on the contrary, up-grade livelihoods. Indeed, caution must be taken when it comes to drawing general conclusions about the “rights” and “wrongs” of private governance, as it is not easy to extrapolate the conclusions from one case to another due to the
many crosscutting issues involved (motivation of firms to involve in governance, legitimacy of private governance, trade-offs, or the global context).

In terms of private governance and efficiency, it is stated that “public–private partnerships are presented as “win–win” initiatives that can achieve desired objectives more effectively than established and/or alternative means” in the scope of agri-business (Henson, 2011). Indeed, there is more readily private sector engagement in governance of agrifood systems, notably in the context of PPPs. As such, the setting up of extension service activities through PPPs can be an innovative way to comply with private standards, as will be seen further on in chapter 4.3.

- **The role of public sector in recipient countries**

While farming is essentially a private sector activity, there are many the authors who agreed that a minimum level of public capacity is needed for the private sector to work effectively. Private sector cannot replace the public sector in agriculture.

Authors have concurred that governments at recipient countries need to set the right policies to create incentives and opportunities and develop a conductive and favourable climate for private investors. Governments must also ensure that private investment meet basic objectives for the development of their agriculture sector, but also the fulfilment of smallholders rights and the respect of environment.

Strong considerations must be taken on smallholders. National governments must find the right balance between enhancing private investment and supporting the poorest and small-scale food producers. There is a need to invest in market readiness for small-scale producers in order to guarantee an equitable distribution of benefits to communities, and prevent rights violations. According to Sahan & Mikhail (2012), companies normally have little interest in engaging with smallholders due to high risks and costs. Jayne et al. (2001) also highlighted that an agreement between farmer groups and an international marketing firm may involve high costs in terms of negotiation, legal services, monitoring, and related public resources to resolve contract disputes if necessary, but such mechanisms may provide the stability of returns to justify further major investments. If a positive impact in poverty and hunger eradication is also wanted, it is responsibility of the governments to work in the interest of those who are less powerful in markets (Sahan & Mikhail, 2012), as it must be considered that smallholder farmers do not compete on equitable terms in local, regional or global markets. This entails investing in the above-mentioned scopes, particularly in public goods that may reduce risks and will stimulate farmers to intensify agricultural production. If basic public goods are not provided, other measures such as large-scale government input subsidies, credit, or distribution programs are unlikely to have any lasting impact on agricultural intensification, rural incomes, national food security, and poverty reduction (Kelly et al, 2003). In addition,
governments must establish “market readiness” for small-scale producers, but investment in sustainable small-scale production is often significantly different from the ‘business as usual’ investment climate, with measures such as: supporting directly small-scale farmers (for example, with tax incentives), contract farming, ensuring land rights, etc. (Sahan & Mikhail, 2012). Plus, Kelly et al. (2003) points out that governments need also to work to improve contract law and enforcement procedures, get better WTO negotiations that improve Africa’s competitive position, and guarantee stable policy environment. However, on the negative side, some authors have highlighted those policy incentives for FDI may drive demand for large-scale land acquisitions and lead to conflict, with negative impacts for both the investor and small-scale producers.

According to Suleman (2009), there are some recommendations that governments must consider:

- Address its own food security needs;
- Generate economic growth and development in underdeveloped areas;
- Mobilize foreign (and domestic) private sector investment;
- Generate long-term and sustainable employment;
- Exploit opportunities that arise from these investments for the development and empowerment of smallholders and local communities;
- Attract modern technology into the agriculture sector.

In addition, Suleman also identifies three strategic roles that can be adopted by recipient governments to empower small-farmers: (i) interventionist – identify and map un-utilised potential areas, identify suitable projects, undertake pre-feasibility studies, and undertake strategic investments; (ii) catalytic – ensure the development of agriculture sector, guarantee good governance and transparency, or ensure effective skills transfer; and (iii) facilitator – resolve land tenure issues, provide access to water resources, and facilitate dialogue between the investors and local communities. As stressed before, it is also important to invest in transport infrastructure, agriculture research and related infrastructure, and facilitate access to finance and credit and seek for innovative financing solutions for small-scale farmers. Suleman finally considers that possible preferential agreements regarding wages, labour flexibility, subcontracting and training could be explored in order to attract investors.

Jayne et al (2001) points out that both, provision of complementary public goods and a conducive policy environment are necessary to stimulate agricultural productivity growth and transformation, but neither are sufficient on their own. Indeed, he identifies two major challenges for agricultural market reforms: build constant local political support and ownership; and design markets so that they can truly contribute
to small-farmer productivity and income growth. But still, these market reforms are a long-term and continuous process of institutional innovation (Ibidem).

Finally, some authors have underlined the need to govern or regulate the markets to make sure that private investments deliver positive outcomes for development. In this sense, policies must make markets work better for small-scale producers. This can be done through: trade agreements that support small-scale producer development; greater diversity of market outlets; improved price stability and producer share of market value; stronger organisation and market power of small-scale producers; fairer trading between producers and buyers; market preferences for small-scale producers; and improved performance of the informal sector (Sahan & Mikhail, 2012). Nevertheless, this impression has been rejected by other authors affirming that the removal of price controls and subsidies, and government withdrawal from direct market intervention have allowed the growth of private sector input markets (Kelly et al. 2003).

- **The role of development partners**

Development partners can also work to ensure that private activities provide broad benefits and effectively contribute to development outcomes. This could include: support to establish secure property land tenure and develop a reliable land registry; empower local communities and allow direct negotiation between communities and potential investors; enable a suitable context for FDI by reducing transaction costs; boost local food markets, set ethical and sustainable business principles, etc.

Suleman (2009) identifies the following mechanisms to facilitate FDI and private investments in the agriculture sector:

- Adopt a more proactive approach to agriculture sector through the provision of funding to host/recipient countries to overcome constrains in infrastructure (e.g. electricity, transport and logistics) and facilitate the flow of FDI into their agriculture sector;
- Provide advisory services and technical assistance, and enhance knowledge transfer in order to build domestic capacity, train labour, assimilate new technology, facilitate implementation of projects and better benefit from the investment. This could also be utilised to set-up and strengthen research institutions;
- Engage in a dialogue in order to set principles and requirements to attract FDI in the agriculture sector;
- Enhance equity participation, in order to reduce risk exposure, and provide insurance and guarantees;
- Undertake detailed studies on the agriculture potential of their member countries including their legal and regulatory environments, land ownership
Impact of private sector investments in agriculture

Making an exhaustive and accurate assessment of food system policies is difficult because of the many and diverse consequences of different forms of food production. Also, food production activities can entail long-term or inter-generational implications. Having said this, many authors have emphasized the challenges in evaluating private activities in the agriculture sector and linking private investment projects with higher agricultural production; many times this is due to weak monitoring and evaluation systems (IEG, 2011), or it is also because of the nature of the private project (e.g. in land rights projects that are often focus exclusively on land administration and it is very hard to track on the productivity of the land registered). Sustainability of projects beyond initial private investment is also a challenge to consider. E.g., physical infrastructure is unlikely to be sustainable without further reliable funding for operations and maintenance.

Besides, when it comes to undertaking the necessary policy reforms to achieve a conductive climate for private investments, some authors have highlighted that these reforms – or liberalization process in the case of African countries – have not address the expected positive results in private investments in the agricultural sector. Indeed, Jayne et al. (2001) argue that policy environment in Sub-Saharan countries is not more favourable to private investments than it was before the market reform process. Nevertheless, he also stressed the problems of assessing the effects of the reforms. Indeed, he indicates that “key elements of the envisaged reform programs that were intended to encourage private investment are currently not implemented”, and normally when it comes to the development of markets and private sector, authors tend to focus on the under-provision of public goods and neglect the importance of unresolved policy barriers.

On the other hand, Sahan & Mikhail (2012) stressed that investment promotion policies generally favour large-scale investments (including large-scale land acquisitions), instead of positive agricultural investment, as government policies have largely helped facilitate access for investors (including access to land) to the detriment of small-scale producers. In fact, there is a significant correlation between weak protection of local land rights and the scale of land acquisition (Ibidem). Again, land acquisition issues are at the centre of the concern.

Suleman (2009) highlights key lessons that can be extracted from past experiences:

- Communities must be widely consulted and must receive tangible benefits from the project via either being part of the overall project, or benefiting from extension services and/or technical support.
• Countries must undertake feasibility studies and ensure that the land tenure system meets the community concerns and investor requirements.
• The investment should be of a reasonable size and the cost of the lease should be realistic and not merely a nominal fee as it contributes to negative perceptions that the “country is being given away” to foreigners.

Finally, many authors have stressed the many interconnexions existing between food security and other sectors such as finance, energy, water, ecosystems services, and so; and the need to achieving more consideration of these areas when designing food system policies. Foresight (2011) indeed, argued that policy in other sectors outside the food system needs to be developed in much closer conjunction with that for food production.

- International commitments

Many governments from recipient countries have committed to increase investment in agriculture – most notably, commitments made in line with the Maputo Declaration, which saw all member countries of the African Union commit to increase the share of agriculture in national budgets to at least 10 per cent in 2003. From the private sector side, there are also commitments made: in 2011 at the World Economic Forum in Davos, 17 major companies launched a New Vision for Agriculture committing to increase production by 20 per cent while decreasing emissions by 20 per cent and reducing the prevalence of rural poverty by 20 per cent every decade\(^{13}\). Because vulnerability, poverty and hunger are concentrated in the rural areas, investing in smallholder agriculture will increase food availability, boost incomes and thus, build resilience, especially if the investment is sensitive to gender inequalities.

From the side of development partners, global initiatives have been launched such as the World Bank initiative “New Deal for Global Food Policy”, which will provide cash transfers, food-for-work programmes and assist with measures in order to increase agriculture productivity. Also, in 2012, and within the framework of the G8, it was launched the “New Alliance for Food Security and Nutrition”, with the aim of increasing private sector investments by strengthening legal context of African countries.

- The Post-2015 Agenda context:

At the Post-2015 papers and debates, very little specific reference is made on the involvement of private sector in agriculture and the important role that business can play to unleashing private investments in this scope. The set of priority targets and indicators developed by the 3RBA makes no reference to the role of entrepreneurship to achieve food security and nutrition. There is only a reference on the role of the

public sector in providing crowding in private investments for agriculture. Moreover, no explicit reference is done in this way at the OWG SDG outcome document (no further than a general reference on the need to involve the private sector in the global partnership and as a means of implementation). In addition, the leading UN agency on the right to food, the FAO, is regarded as too separated from the private sector (although efforts have been done to take the private sector into UN deliberation after the reform of the Committee on Food Security, but still is far to be ideal).

Nevertheless, there has been significant progress with the recently approved Principles for Responsible Investment in Agriculture and Food Systems (RAI principles). These Principles were approved by the CFS on October 2014 and provide a framework to promote investments while meeting development objectives. The added value of these Principles is that they had been negotiated and agreed by governments, private sector, civil society organizations, UN agencies, development banks, foundations, research institutions and academia. However, they are voluntary and non-binding, thus it will depend on governments and private firms to its implementation and compliance.

- Summary:

- For many years, there has been an underinvestment in the agriculture sector from both the public institutions and private firms. However, the surge of food prices that lead to the 2008 crisis added momentum to a renewal of attention on agriculture. This crisis leads to food insecurity situations particularly in net food importing countries. Thus, there has been an increase of food demand during the last years.

- Investing in agriculture development entails multiple benefits due to its multifaceted nature, but it also entails risks that must be considered. Farming activities present a series of particularities, especially in developing countries that must be contemplated in any investing activity. Agriculture sector requires of public support, as some services are never provided in sufficient quantity or quality by market institutions. Besides, private sector initiatives are also vital to promote agricultural development and growth, being agriculture a private activity. In this sense, complementary between public-private sectors roles can help to face the associated risks and obtain the maximum of the benefits.

- Private investments face important challenges when development outcomes are pursued, such as: weak land rights framework, no access to credits, poor infrastructures and lack of skills and capacity. In this sense, it has been widely supported the idea that pervious transformations and reforms and a minimum control from the side of governments are needed in order to achieve positive outcomes and contribute to development and the fulfilment of human rights. Smallholders play a fundamental role and it is essential to involve them in any way to
enhance food security and reduce poverty.

- There are concrete key scopes in where private interventions can ensure positive impact in increasing agricultural productivity while achieving positive development outcomes: markets and agribusiness, extension services and research, rural infrastructures and public services, land rights, financial markets, and producer organizations.

- Despite of the proliferation and importance of private governance in agrifood systems, there is no consensus on whether these private standards have a positive or negative impact in development and if it excludes smallholders or not.

- Governments at recipient countries and donor partners can play an important role to unleash private investment by setting right policies and sound legal frameworks. However, governments must also ensure that private investment also meet basic objectives for the development and that smallholders are involved.

- It is highly difficult to evaluate the impact of private investment in the agricultural sector due to many and diverse consequences of different forms of food production, and the long-term implications of food production. However, some authors have highlighted that, from lessons learnt so far, investment promotion policies generally favour large-scale investments instead of positive agricultural investment. Also, policy in other sectors outside the food system needs to be developed in much closer conjunction with that for food production.

4.3 Public-Private Partnerships in the agriculture sector

Traditionally, the public and private sector have attempted to provide solutions independently from each other. But the current challenges are unable to be tackled by a single actor. As MDG 8 calls “to develop strong partnerships with the private sector and with civil society organizations in pursuit of development”, cooperation with the private sector has emerged as a response to face the new context to achieve food security and nutrition. Also in the G-20 Toronto Summit Declaration (June 2010), in paragraph 24 it is stated, “There is still an urgency to accelerate research and development to close agricultural productivity gaps […]. The private sector will be critical in the development and deployment of innovative solutions that provide concrete results on the ground”\textsuperscript{14}.

As emphasized many times before, farming is naturally a private activity and it is the aim of for-profit agrobusiness to bring products to the market, even for smallholders. But the private sector works only where there is a commercial incentive. Besides, smallholders produce most of the food consumed in developing countries and emerging markets, but new technologies or innovations normally do not reach the vast

\textsuperscript{14} http://www.g20.utoronto.ca/2010/to-communique.html
majority of farmers, mainly remote and poor smallholders, and their needs are normally out of the considerations of private firms. Instead, public institutions normally have limited resources and are frequently ineffective when it comes to actually delivering products (Ferroni and Castle, 2011). Therefore, public-private partnerships are a potential instrument that can overcome both sectors limitations. There is a great potential to better connect markets, services and technologies and thus increase their productivity. Indeed, as stressed by the IEG (2011), “complementarities and synergies from public and private sector interventions are key drivers of effectiveness” when it comes to increasing food production. And Poulton & Macartney (2012) refer to the many potentialities that have been identified with PPPs in the seed systems in southern and eastern Africa. Nevertheless, this is a scope that needs to be explored as many authors have acknowledged the very few examples of PPPs existing in the agriculture sector to fight hunger, while many examples are still in a proof-of-concept stage (Kaan & Liese, 2011; Ferroni & Castle, 2011; Speilman & Grebmer, 2006; Henson, 2011; Poulton and Macartney, 2012). While it is frequent to see business actors involved in water, health or education projects, hunger and malnutrition on the contrary are not on the top of private sector’s agenda and rarely PPPs enter into food security projects. In addition, even fewer formal evaluations and monitoring of these experiences have been developed.

Certainly, private sector can bring its expertise in product development, marketing and distribution. Partnerships with public sector in return can allow private firms to: gain in the supply chain by reaching small-scale farmers in new, emerging markets; influence in the development of regulations; participate in influential global forums; and improve its reputation. On the other hand, public sector has a critical role to provide institutional environment for the development of agricultural markets, investment in rural infrastructure and facilitate local business development. In exchange, PPPs can allow public sector to: access to new, cutting-edge scientific knowledge and technologies held by the private sector; open marketing and distribution channels and strategies; access to know-how and efficiency; and also access to financial resources. Besides, with PPPs, farmers benefit from linkages to secure markets and access to technology, services, innovation and knowledge.

PPPs in agricultural can include multi-stakeholders structures that bring together public entities with private companies, NGOs, university research institutes or foundations. IFAD has some experience in supporting PPPs – working with governments to create the right conditions to develop viable PPP, and acting as facilitator between smallholders and local private sector (IFAD, 2013). In these cases, IFAD has worked to develop PPPs in farming activities and within the value chain in activities such as rural infrastructures or capacity building. The World Bank on the other hand is considering helping countries in setting up public-private partnerships in infrastructure or agricultural research (IEG, 2011). Indeed, there have been some
authors (IEG 2011, Foresigh 2011) who have acknowledged that investment in agriculture in the scopes of infrastructure, research, and capacity building can only be done through innovative partnerships between governments, multilateral bodies and private sector. Suleman (2009) points out that access to appropriate technology, technical support and new crop varieties could be available to small scale agriculture enterprises via public private partnerships. The author additionally highlights that partnerships between recipient governments, investors and development partners are also required in order to increase risk-adjusted returns on investments.

Certainly, from the literature review it can be assumed that more PPPs have been developed in these tree scopes: infrastructure, research, and capacity building.

As expressed before (chapter 4.1), achieving economically viable PPPs with development outcomes is challenging. In any case, a robust legal environment and capacity and knowledge are essential due to the-risks associated and the contractual nature of PPPs. However, both aspects are absent in many developing countries, and especially at the agriculture sector – for example, land tenure and property rights are poorly defined and unclear. Efforts from Sub-Saharan African countries to strengthen their regulatory framework have been reported, although results are uneven (as mentioned in chapter 4.2).

Despite of the large literature on PPPs and the many experiences existing, especially on the infrastructure sector, it might be difficult to directly extrapolate these analysis and experiences to the agriculture sector due to its particularities, and also to the multiplicity of possible forms that a PPP can acquire. In this sense, a specific design must be done on this scope. Nevertheless, some lessons could be extracted from some scopes in where examples of PPPs could be found in the agriculture sector – infrastructure, capacity building, and economic activities.

Poulton and Macartney (2012) stress that non-agricultural examples could be considered relevant for the agricultural sector in Africa because “the low capacity of many African states and often ambiguous attitudes toward private sector-led development among political elites can be expected to affect public engagement with the private sector irrespective of sectorial boundaries”. Indeed, the authors have developed a table (Table 5) in where summarizes a range of market problems affecting African agricultural sector while indicating where some form of public-private partnership might stimulate greater private involvement for each of these problems. Moreover, the authors review the principal–agent theory (assume that the public actor is the principal partner and the private company the agent) to highlight the major challenges when it comes to develop a PPP in agriculture in Africa. In this sense, the authors remark that it is essential to identify an appropriate private sector agent to contract with and to have all information on the capability and motivation of the private agent (which normally is not available) prior to signing a contract. However, in
a context such as African agricultural sector with poorly functioning value chains, there are many challenges: the number of potential partners will often be small, so the agent – the private firm – has more negotiating power. Besides, there are very few public officials who really have a wide understanding of private sector business operations, and on how to develop a PPP.

### Table 5. Sources of failure in agricultural markets and possible PPP solution

<table>
<thead>
<tr>
<th>Source of market failure</th>
<th>What is the constraint to private sector involvement?</th>
<th>Agricultural examples</th>
<th>Possible PPP solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of enabling environment</td>
<td>Unstable macro-economic environment; Inadequate physical infrastructure; Weak property rights and/or contract enforcement; State as problem (crowding out, unpredictable policies)</td>
<td>Rural roads, irrigation infrastructure</td>
<td>Provision and/or maintenance of infrastructure</td>
</tr>
<tr>
<td>2. Public or Merit goods</td>
<td>Market under-provides due to: Nonsusceptibility to, nonsubstitutability</td>
<td>OPV seed research</td>
<td>Contracting out service delivery</td>
</tr>
<tr>
<td>3. Barriers to entry</td>
<td>Lack of access to: Capital; Technical knowledge; Market information; High fixed costs/risks</td>
<td>Stocks, Seed companies</td>
<td>Loan guaranties</td>
</tr>
<tr>
<td>4. Coordination failures</td>
<td>Asymmetric information, no mechanism to enforce commitments; lack of trust</td>
<td>Complementary investments in service provision to smallholders or along value chain</td>
<td>Deliberative fora</td>
</tr>
</tbody>
</table>

Source: Poulton and Macartney (2012)

As the reviewed literature shows that infrastructure, capacity building and especially research are the scopes in where more PPPs have been developed in the agricultural sector, a further analysis will be developed in the next sections. Other scopes – insurance systems and loans system – have also been included in this analysis as some reference has been done due to the many potentialities to develop PPPs. Furthermore, even tough the development of public services for the rural population – health services, water management and waste, education – is an essential need for rural population, and the possibilities to develop a partnership with private sector are many, it is a scope that does not affect directly to the agricultural sector (though it does affect indirectly and is of highly importance). Indeed, these kind of partnerships could be studied through other sectors of PPPs much more developed that those of the agriculture sector. Therefore, the present study will stick solely to those activities directly linked with farming activities, and will dismiss the public service delivery scope. Moreover, other type of PPPs that draws attention are transnational PPPs for food security and nutrition, as some initiatives have been developed on this aspect – though they are few if they are compared with other international initiatives in other sectors. Finally, another section on lessons learnt has been included – even though the novelty of PPPs in agriculture – and on Post-2015 Agenda, following the complete structure of the review.
- **Infrastructure**

Improved infrastructure is vital to increase competitiveness in agricultural value chains, but government and donor investments in rural infrastructure projects fell during the 1980s and 1990s, especially in Africa. Indeed, as stated by Poulton and Macartney (2012), “volumes of business in much of rural Africa remain too low to directly recover investment costs in infrastructure, while revenue streams that depend on rain-fed smallholder agricultural production are considered too risky by many private investors”. Indeed, the authors refer to World Bank data in where it shows that only 1% of private investment in infrastructure during 2003–05 was in investments directly or indirectly related to agriculture. However, private sector can still find possibilities in this context (with the construction of irrigation systems, feeder roads, agro-processing, rural electrification and power generation). A PPP in agricultural infrastructure can engage a private firm in the construction but also in the successive management, as the firm contributes to the investment that is then recovered through revenue linked to asset management, utilization, or performance. The authors end up by referring to a review undertook on 18 PPPs for rural infrastructure (seven of which are in Africa) in which it concludes that PPPs can have a number of advantages and conditions are right for their use to be expanded. The challenges are: lack of political will, lack of capacity (especially from the public side) to structure and negotiate a partnership, lack of competitive bidding process to assure transparency and lack of suitable regulatory frameworks that assures benefits for the poor.

Besides, the IEG (2011) shows an example of synergies with PPPs in infrastructure and agriculture, concretely with a successful project of irrigated agriculture intensification in the most important region in China for agricultural production, implemented by the WB in close collaboration with the government (although this is an example taken from a middle income country).

- **Capacity Building and extension services**

If smallholder farmers have to adopt new technologies, they require access to support services and capacity building to be able to use them. According to Poulton and Macartney (2012), 80% of the world’s extension services are publicly funded and delivered by civil servants, while only 5% are private. However, the authors point out that public extension services are often centralized, hierarchical, and unresponsive to the different needs of farmers. A private extension service could increase response capacity, as long as there is a mechanism through which farmers can express their preferences. However, as farmers have little interest in paying for extension, it must be complemented with distribution of vouchers or through farmers’ representation on the bodies that allocate contracts in a given area. The authors refer to two successful experiences of national extension services involving private service providers in Chile.
and Uganda. The following lessons can be extracted from these two experiences: there are no international specialists service providers ready to enter in national markets (private providers normally came from reformed public systems); decentralized administrative systems and strong farmer organizations are essential for an effective contract; and local ownership and political support can benefit positive results. Finally, the authors remark the possibility of developing PPPs to stimulate the demand of private services, e.g., the distribution of vouchers to subsidize the purchase of insecticide.

On the other hand, Brinkerhoff and Brinkerhoff (2011) point out that for the development of PPPs in this scope, international donors are a major source of support, and partnerships can take the form of loose knowledge networks, organizational twinning, MOUs, or formal contracts.

Moreover, Narrod et al. (2009) highlights that these kind of public–private partnerships can play a key role in helping developing countries to cope with tighten food safety standards while retaining smallholders in the supply chain, that is, to comply with private governance. The authors remark the “wide-ranging evidence of the inability of smallholders to meet market requirements for food safety in high valuable agricultural product markets”. However, the authors studied two rare cases – in Kenya and India – in where small-farmers were able to meet food safety standards and have accessed to high value agricultural products markets (although the authors acknowledged the existence of several other cases beyond these two examples). In these cases, extension service activities, traditionally played by the public sector, are transferred to, or shared with, the private sector. And at the same time, public sector can play an important role in lending activities or other activities dominated by private sector, especially at the initial stage. Also, PPPs have provided train, audit and/or financial aid for small-scale farmers to obtain EU certification. In the two examples studied, PPPs have helped to establish a certification company (in the case of Kenya), making certification more accessible for small-farmers, while lobbying EU supermarkets to recognize the ability of smallholders to meet EU standards. Additionally, the authors identify roles that PPPs can play in supply chain management of high value agricultural products and involve small-producers (Table 7). Two major lessons can be extracted from this review:

1- adequate institutional support is essential to help smallholders to participate in markets, especially for high value products. However, the view that small-farmers have enormous difficulties to participate in markets is a significant barrier when it comes to seek of solutions;

2- collective action in the form of producer and smallholders groups is essential: to achieve scale economies; to solve asymmetries in information across
principal (exporter) and agent (the farmers); and to work with other agents who can provide appropriate expertise on market knowledge.

Table 7: Public and private sector roles in supply chain management of high value agricultural products.

<table>
<thead>
<tr>
<th>Supply chain support processes</th>
<th>Possible roles for public-private partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension and information services</td>
<td>Knowledge of specialized techniques for high value agriculture, markets (prices), rules and regulations in private and public sectors could be complementary. Public sector could subsidize costs of information about food safety standards and other market requirements for smallholders.</td>
</tr>
<tr>
<td>Infrastructure development</td>
<td>Manage flows between chain links quickly and efficiently; reduce distribution costs to remain competitive. This requires public (roads, ports, storage facilities) and private (processing, storage, logistics, etc.) infrastructure that could be provided through partnerships.</td>
</tr>
<tr>
<td>Certification, grades, and consistent, credible application of standards on food safety and quality specifications. Establishment of certification agencies that provide affordable services to smallholders could require public-private partnerships. Government could influence formation of standards (jointly with private sector) customized to the needs of smallholders.</td>
<td></td>
</tr>
<tr>
<td>Coordination mechanisms</td>
<td>Public sector responsibility for regulation to ensure competition and enforcement of contracts could be developed jointly with the private sector and smallholders.</td>
</tr>
</tbody>
</table>

Source: Narrod et al. (2009)

- **Research and development**

Many papers are focused on the potential opportunities that exist to establish public-private partnerships in the research scope for improving agriculture activities and productivity. Indeed, it seems that the majority of PPPs developed in the agriculture sector have been developed in the research and development (R&D) scope. According to Poulton and Macartney (2012), in the field of agricultural research there has been interest in PPPs for at least a decade.

Although the many needs identified for research on the food production capacity in LDC, it is essential to encourage more public-private partnerships in this line, due to differences on the objectives followed by public and private sectors. On the one hand, public sector funds may be limited, but public R&D in agriculture is more likely to pursue objectives aligned with the needs of people living in poverty and to commit research resources to neglected and underutilized crops\(^{15}\). On the other hand, although much agricultural investment in R&D is private, and it is recognized its valuable contribution in plant sciences, genomics and bioinformatics, commercial

\(^{15}\) Crops with limited international commercial potential and thus, not subject of much research and development.
imperatives will not have hunger reduction as their principal focus (Foresight, 2011). Moreover, Speilman & Grebmer (2006) stressed that, although public-sector institutions accounted for approximately 94% of the total budget spent annually on agricultural research in developing countries during the mid-1990s, the growth rate of public expenditure has slowed ever since, even declining in sub-Saharan Africa countries, whereas private-sector investment in agricultural research has increased worldwide. Additionally, the vast majority of private-sector investment is allocated in technologies directed to farming activities in industrialized countries. In fact, the authors highlighted that “there are few examples of pro-poor partnerships in the international agricultural research sector, and fewer still where the expected benefits of partnership have materialized”. In the Consultative Group on International Agricultural Research (CGIAR), examples of successful PPPs in research are very uncommon, although Poulton and Macartney (2012) refer to 75 PPPs that involved centres within the CGIAR system. In any case, it is remarked by many authors that a way to ensure the development of pro-poor research programs is through research partnerships or collaboration between the public and private sectors and international entities. Partnerships can improve the capacity of researchers to address problems in the agriculture sector that cannot be solved by a single actor. Thus, better coordination of research funding across public, private and third-sector agents will be essential.

Nevertheless, Speilman & Grebmer (2006) highlighted that, despite of the enormous potential of PPPs, there are very few partnerships in pro-poor agricultural research. The authors carried out a study to explain the willingness and ability of CGIAR centres and multinational agricultural research firms to enter in a public–private partnership, and concluded that the principal impediments to establish PPPs are in a first place, mutually negative perceptions across sectors, followed by issues of competition, risk (for a misuse of valuable intellectual property) and costs (transactions and opportunity), and finally, different incentives and goals of each sector\(^{16}\). The authors also remarked that the lack of assessments on past experiences for learning purpose could also influence. In this sense, the authors stress that there is a need to design policies that create incentives to make pro-poor R&D more attractive, for example mechanisms that reduce the cost such as greater tax incentives, or grants and credit for private firms. It can also help to establish previous partnership arrangements to manage competition and risk.

Either way, there have been other references on successful PPPs established to develop new technologies in agriculture to benefit the very poor, concretely in the strong commercial seed sector. As an example, Foresight (2011) refers to a PPP

---

\(^{16}\) This study relied on qualitative data based on surveys and interviews made to stakeholders from CGIAR, multinational firms, NGOs, donor community and policymakers from national agricultural research systems.
developed between the Swiss firm Syngenta and the International Maize and Wheat Improvement Centre in Mexico (CIMMYT, a research centre member of the CGIAR) focused on the development and advancement of technology in wheat through joint research. Also Ferroni and Castle (2011) mention examples of successful PPPs between Syngenta and the University of Berne, Switzerland, to develop shorter “semi-dwarf” tef (*Eragrostis tef*), the most widely cultivated cereal in Ethiopia but with low yields due to “lodging” (the steam falls over the weight of the seed). Also the authors refer to a multi-partner collaboration between Syngenta and the CGIAR through the HarvestPlus initiative to improve the nutritional value of staple foods that poor people eat. In any case, neither of these examples shows a partnership between a private firm and a government. Finally, Poulton and Macartney (2012) remark the view shared by many authors that “the potential benefits of PPPs have yet to be fully realized in the CGIAR”, although there are very few examples of PPPs on agricultural research.

- **Insurance system**

Due to climate change, there is an increasing scale and frequency of major agro-related natural disasters across the globe and an increased risk that farmers cope with major losses. In 2008, a total of 137 natural catastrophes have been reported in the world, which led to overall economic losses of USD258 billion (Li and Kaiyu, 2010). The development of an agriculture insurance system can help to cover losses from adverse weather, and thus, strengthen farmers’ risk resistance and resilience capacity as well as government’s disaster relief capacity, while helping to stabilize agricultural activities by guaranteeing the continuity of farmers’ incomes. In this sense, PPPs are considered to be a good instrument to improve the efficiency and viability of agriculture insurance systems. In this model, the government function as a regulator – establish a legal framework, encourage the farmers to take a share in insurance, examine the content of provisions in the guaranteed warranty, and verify the process as the insurance rate is regularized. The government also associates with the commercial insurance companies to share risks, initiate the insurance pool and collect a reserve fund to mitigate heavy losses (Ibidem).

Nevertheless, agricultural insurance remains mainly a business that, so far, involves developed country farmers. While PPPs in agricultural insurance systems are a common tool implemented in many developed countries, its implementation in developing countries is still very limited, mainly available only to larger and wealthier farmers. Literature on PPPs on this scope in terms on development has been only found on experiences in China, Mexico, or India (MICs).

- **Loan systems**

One of the biggest challenges of smallholders in developing countries is access to credits and loans. This is a scope with huge possibilities to further explore partnerships
between governments and private entities. Nevertheless, as mentioned before, in developing countries, especially in Africa, the context is characterized by difficult business environment with high transaction costs, instability, default risks of lending to poor (dispersed clients engaging in rain-fed agricultural production in areas where roads are poor), etc. This context discourages the development of a financial system and thus, of potential partnerships. Very few examples have been found in this scope – only mentioned by Poulton and Macartney (2012) – with partnerships with guarantees to commercial banks to support agricultural lending.

Transnational PPPs for food security

The number of international PPPs in agriculture sector is also very limited, whereas in other sectors there has been a proliferation of partnerships to address global issues. For example, the international health sector has more than 100 public–private partnerships addressing 40 different diseases (Spielman and Grebmer, 2006), and Kaan and Liese (2011) mentioned a study which shows that 23 global health partnerships have obtained a general funding of over $4.8 billion, more than $100 million per partnership (whereas GAIN, the best funded PPP in food governance, started with a budget of $70 million).

Still, Kaan and Liese (2011) identified seven transnational PPPs with a focus on hunger and malnutrition: the Global Alliance for Improved Nutrition (GAIN), the Iodine Network and the Flour Fortification Initiative (FFI), the Safe Supply of Affordable Food Everywhere (SSAFE), the Farmers Forum, the Ending Child Hunger and Under-nutrition Initiative (now: REACH), the International Alliance Against Hunger (IAAH) and the regional initiative the Alliance for a Green Revolution in Africa. The authors made a closer analysis on two of these partnerships – Global Alliance for Improved Nutrition (GAIN) and the International Alliance Against Hunger (IAAH).

• The Global Alliance for Improved Nutrition is cited by many authors. The initiative works against vitamin and mineral deficiencies in developing countries through the distribution of fortified food. From the public side there are the Bill and Melinda Gates Foundation, the United States Agency for International Development (USAID), the Canadian International Development Agency (CIDA) and the German and Dutch governments. The private sector, on the other hand, is represented by companies such as BASF, Coca Cola, Danone, Heinz, Tetra Pak and Unilever. From an international level, GAIN supports the establishment of regional alliances and program-oriented research, the development of new products and the mobilization of resources. At country-level, GAIN supports national partnerships between governments, business actors and civil society organizations, and it co-fiences fortification projects and offers technical advice. The selection of adequate projects is done through a competitive procedure and a grant system that provides financial support for
local projects (hence, GAIN has mostly cooperated with developing economies that are able to co-fund the projects). In any case, several UN forums have legitimized this initiative, which has allowed business actors to gain reputation and access to new markets (which is most probably their major incentive).

Analysing the initiative, GAIN works in a specific and small niche of the food sector – fortified food – and attracts considerable business attention and high efficiency. However, it has uneven representation (most affected such as consumers and small-farmers are hardly represented, and there is no LDC representation) and shows poor transparency compared with similar organizations (more space for deliberation and the participation of a diverse group of stakeholders would constitute an obstacle for efficiency). While it has been acknowledged the many positive aspects of the GAIN initiative, there are some other aspects that may need to be reviewed. The approach used by GAIN partnership tend to ignore some of the underlying causes of global hunger: they do not address issues such as limited access to food, uneven distribution of food or the rights of small-scale farmers. And it also dismisses other ways to tackle malnutrition, such as agriculture diversification.

• The International Alliance Against Hunger (IAAH) is a partnership between civil society and international organizations – FAO, WFP, IFAD, and Bioversity International – with the aims of increasing public awareness of hunger, mobilizing public campaigns and facilitating local and national initiatives against hunger. It has not defined clear goals and specific instruments to fight hunger. The IAAH combines long run, political initiatives together with short-term projects developed and implemented by national alliances. Only a limited number of companies engage in just a few of these national alliances. In general, there is an absence of business actors.

In comparison with GAIN, IAAH has no specific goal and tackles broader problems, and does not attract the funds of private donors. Nevertheless IAAH places an emphasis on participation and local ownership. In this sense, C. Kaan, and A. Liese (2011) identify a correlation between the definition of goals and partnerships approaches – decision-making, participation and accountability – with business involvement. Indeed, Henson (2011) already affirms that “firms will tend to participate – in PPPs – where there are clearly-defined goals, the scope of the initiative is relatively narrowly defined and where the objectives of the initiative are more immediately aligned with their interests”.

Another international PPP worth mentioning is the platform Grow Africa17. Created in 2011, and founded by NEPAD, AU and the Forum, the partnership aims to accelerate investment and growth in African agriculture through public-private collaboration, and

17 https://www.growafrica.com/#welcome
ensure to deliver sustainable and inclusive growth. The platform seeks collaboration between governments, international and domestic agriculture companies, and smallholder farmers in order to lower the risk and cost of investing in agriculture. However, specific proposals are still in an initial stage, and it is too early to assess truly impact of investments in development, and at this stage it cannot be said “whether the Grow Africa initiative can deliver on its initial promise” (Lui et al. 2012). It will be of particular interest to see how PPPs in agriculture develop into contractual arrangements. As the case studies of the present study will be focused on this initiative, more information will be further provided (chapter 5).

- Lessons learnt so far

As stated by Poulton and Macartney (2012), the effectiveness of PPPs in leveraging private investment in Africa (with poorly functioning agricultural value chains) and the impact of such interventions on smallholder producers is still limited. However, in their paper in where they review several experiences, the authors recognize that the number of cases is still very low, many are still very recent, and most of these cases were established by international organizations. Indeed, the authors stress that they have not reviewed “any cases of successful deployment of PPPs for strengthening agricultural value chains by African state agencies”. Government’s capacity to design and administer effective PPPs may remain a constraint to private investment. Still, other concerns must be considered. Successful agreements requires commitments such as information transfer and transparency, trust between parties, familiarity with the basic business models of private agents (this is particularly challenging for African governments that have traditionally been suspicious of the private sector), political commitment and a public policy framework for PPPs. In addition, the authors point out that AGRA (Alliance for a Green Revolution in Africa) could play an advocacy role in persuading African states to experiment with PPPs.

From IFAD’s experience (IFAD, 2013), the differences in working rhythms and requirements between the private sector and development initiatives are not always compatible. The organization also draw attention to other challenges such as the price negotiations between smallholder farmers and private partners; the importance of clearly defining roles, responsibilities, reporting structures and ownership; and the importance of ensuring that the interests of smallholder farmers are kept to the fore. It has been noted by the organization that PPPs have brought up the sensitive issues of land tenure security.

Ferroni and Castle (2011) on the other hand reviewed the experiences of the Swiss firm Syngenta after a decade of involvements in various PPPs. The company has developed a set of guidelines that can help to develop successful partnerships in agriculture:
• Choose a suitable partner: thus, each partner must start doing a realistic assessment of one’s own strengths and weaknesses to compose a maximum of complementarity through the partnership. There is a need also for willingness and mutual trust.

• Priority-setting: partners should discuss the main goals of the project, the order in which they are to be tackled, and its position on each organization’s own internal priority list. Parties should openly discuss the similarities and differences in their process, culture and values.

• Contractual arrangements: clear and detailed contracts are essential. Contracts must determine the division of tasks, and the distribution and use of any commercial rights. Partners must discuss as soon as possible any setbacks that could arise.

• Transparency: this is really a challenge for the scientific and research institutions, both at public and private level. It is better to agree on the fundamentals of commercial rights and transparency before investing a lot of time and money in other aspects of the PPP.

From the transnational experience, the in-depth analysis undertook by Kaan and Liese (2011) on the initiatives GAIN and IAAH can help to understand why there is so little involvement of business in the fight against hunger. As previously reflected, both initiatives are very different in their structure and efficiency, and reflect the difficulties of achieving successful, inclusive and transparent partnerships.

Finally, as stressed before, no assessments have been found on partnership developed between a private firm and a government.

The table below shows a relation of the recommendations and lessons found all along the literature review and highlighted by the authors in order to achieve successful public-private partnerships in agriculture in terms of sustainable, economic and human development.

Table 6: General recommendations and lessons learnt to achieve success PPPs

| - Political will and commitment |
| - Strong capacity building of partners (specially needed at public institutions to negotiate and manage a contractual agreement, take strategic decisions, handle fiscal implications, handle unseen situations and assure development gains, among other tasks). |
| - Sound regulatory framework and policy improvements (especially relevant for land rights). |
| - Adequate institutional support to help smallholders to be involved |
| - Local ownership |
- Inclusiveness and development of multi-stakeholder fora, to give partners a voice (especially smallholders)
- Find the right partners and stakeholders
- A transparent and competitive bidding process
- Mutual commitment, trust and willingness
- Better communication, information transfer and transparency between partners
- Find common goals and targets, clear and defined
- Clear definition of roles, responsibilities, reporting structures and ownerships.
- Clear and detailed contractual arrangements
- Develop an accurate assessment and monitoring system

Source: personal compilation

- **Post-2015 Agenda**

Not much has been said on such a specific issue, apart from the so-mentioned several references on PPPs and private involvement on the agricultural sector. Apart, at the recommendations made by the 3RBA (Rome Base Agencies, 2014), there is no reference of the term public–private partnership.

However, as mentioned before, the post-2015 process is currently a political discussion with no technical and in-depth analysis. Being PPPs in agriculture such a specific and technical issue, it is unlikely that any mention is done so far.

- **Summary:**

- The many challenges existing to accomplish global food security and nutrition are huge, and cannot be dealt by a single actor. As it is undeniable the importance of both public and private sectors for agriculture activities, both have at the same time many limitations to consider in terms of efficiency and development outcomes. Thus, PPPs are a potential instrument that can overcome limitations.

- While it is frequent to see business actors involved in water, health or education projects, hunger and malnutrition on the contrary are not on the top of private sector’s agenda and rarely PPPs enter into food security projects. Even though the many potentialities and positive outcomes that PPPs can entail in agriculture, most authors have acknowledged the very few examples of PPPs existing on food security and nutrition.

- A robust legal environment is essential due to the risks associated and the contractual nature of PPPs, although this is absent in many developing countries, especially in the agriculture sector.

- Despite of the large experience on PPPs, it might be difficult to directly extrapolate these analysis and experiences to the agriculture sector due to its particularities, and also to the multiplicity of possible forms that a PPP can acquire. However, some lessons could be acquired.

- From the very few examples of PPPs in agriculture, it seems that most of them have
been developed in the scopes of rural infrastructure, agricultural research and
capacity building. Also some few examples could be found on insurance systems and
loans systems. At transnational level, still the number of PPPs in food security is very
low if it has to be compared with other transnational PPPs such as health.
• Impact of PPPs in agriculture in smallholders is still to be determined. In any case,
  although PPPs can be effective and meet public policy objectives, several important
cautions must be considered.

5. FURTHER RESEARCH PROPOSAL

Until recently, donor involvement and public investment in agriculture has been
decreasing, while there have been a proliferation of a type of large-scale private sector
investments that involved land acquisition for preindependence-commodity
plantations, raising awareness on the consequences of ‘land-grabbing’ in the
agricultural sector. However, recently alternatives have emerged with the aim of
allowing private sector companies and investors to partner with small-scale local
producers for mutual benefit. One of these examples recently emerged is the Grow
Africa platform.

Grow Africa was created in November 2011, in Dar-es-Salaam, Tanzania, during the
first Grow Africa Agricultural Investment Forum, which was called under the theme of
‘Scaling up Public-Private Collaboration for the Transformation of African Agriculture’.
The aim of the event was to ‘expand partnerships, integrate best practice and catalyse
investment’ within ‘a new paradigm of public-private collaboration for transforming

The platform aims to achieve sustainable development by connecting governments
and private industry to join with other partners to identify shared goals, and then
coordinate to achieve them. Initiatives are based on national agricultural priorities and
in support of the CAADP (Comprehensive Africa Agriculture Development Programme),
by enhancing collaboration between governments, international and domestic
agriculture companies, and smallholder farmers in order to lower the risk and cost of
investing in agriculture. As such, Grow Africa aims to increase private sector
investment, enable multi-stakeholder partnerships and expand knowledge and
awareness of best practices and existing initiatives. Besides, the initiative builds on the
public-private partnership models piloted by the World Economic Forum’s New Vision
for Agriculture Initiative\(^{18}\).

The initiative has the following characteristics:

- It is a multi-country initiative, covering a group of countries that are already advancing agricultural public-private initiatives. Currently there are Burkina-Faso, Cote D’Ivoire, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, and Tanzania; but the initiative is open to other interested African countries.
- A technical steering committee has been established for oversight in order to ensure that objectives are met.
- A Task Force has been comprised to provide support for it implementation. It is comprised by: the President of Tanzania, President of Mozambique, President of the AU Commission, Administrator of USAID, President of IFAD and the Secretary State of DFID. From the private sector the following firms are involved: Syngenta, Unilever, Yara, Equity Bank and Diageo. This reflects the high-level commitment from leaders and partners.
- Private sector is involved at all levels of discussions with the aim of advancing investment, including the creation of platforms at the national level for dialogue, for example on necessary policy reforms.
- The platform employs a holistic approach to address possible bottlenecks, such as the need to tackle regulatory issues, e.g., the strengthening of land rights or the enforceability of contracts.
- It is aligned and complemented with already existing structures and institutions, and anchors efforts within the CAADP process.
- Ensures farmers are at the centre of negotiations and collaborative efforts.

Figure 9: Grow Africa’s innovative approach to partnering

Source: Grow Africa, 2012
In 2012, Grow Africa was instrumental in prompting private sector commitments for over a total of $3bn for specific agriculture investments in seven countries, in collaboration with the G8’s New Alliance for Food Security and Nutrition (Grow Africa, 2012). In 2013 Grow Africa mobilized $970 million of investments.

The countries who want to join the initiative are asked to have: a clear national strategy (a CAADP Investment Plan that has passed a technical review); committed leadership at Ministerial level; a partnership platform for public, private and civil society dialogue; and an implementing unit with capacity to promote investment and partnerships. On the other hand, some countries have undertook reforms in order to prepare the ground to boost private sector investments, with measures such as:

- The identification of investment opportunities, including specific crops but also highlighting related investments such as infrastructure finance and insurance provision, warehousing and logistical infrastructure;
- The identification of target investors, including for example private equity investors, international food and beverage companies (with specific ones already identified in some cases), and agribusiness companies;
- An engagement strategy for the private sector, typically comprising a mix of enacting policy measures, further technical work and investment promotional activities including a joint high-level event at the Davos World Economic Forum in early 2012.

The results reported so far (Grow Africa, 2014) have demonstrated that early investments are being successful. For 2013, companies have reported reaching 2.6 million smallholders and creating 33,000 new jobs. However, this is still too far from the roughly 600 million Africans depending on agriculture for their livelihoods. Also, sourcing by Grow Africa partners has been marginal compared against the $40+ billion of estimated annual food imports for Africa\(^\text{19}\). Private sector actors – whether large or small, domestic or international – have reported that the pace of their growth and investment is reduced by the high risks and high costs of doing business within the agricultural sector (in some cases, there has been no progress due to the high demand from companies for support to forge partnerships and overcome constrains). In any case, Grow Africa is intended to commission evaluations to independently assess the impact of several value-chain partnerships.

Despite of its initial stage, the initiative has collected some valuable lessons so far:

- The importance of continually refining partnership strategies
- The value of engaging key stakeholders
- The importance of strengthening implementation capacity

\(^{19}\) Data from Grow Africa, 2014
Numerous investment projects are already under way, but the initiative has a long-term strategic view to engage smallholders commercially and add value along the value chain, and as it is still in an early stage, time is needed to evaluate real impact on agriculture and development.

- **Research proposition:**

In the previous review it was seen that 1- PPPs for food security and nutrition are very few, and there is very little interest from private companies to develop pro-poor business in the agriculture sector; and 2- frequently smallholders are not involved in the partnerships; 3- the lack of capacity building has been a huge challenges for the development of PPPs. The Grow Africa initiative presents many potentialities to encourage private sector investment into Africa’s agricultural sector due to its features – backed at high-level, strategic approach and strong involvement from the private sector (Lui et al. 2012). As such, Grow Africa offers many experiences that can be taken as proposals of case studies in view of the state of the situation described above, but also the existing gaps in this scope and the changing nature of the objective of the present research: the impact that public-private partnerships can have in agriculture sector in Africa in terms of development and sustainability.

Considering the previous review and analysis, it is presented the following research proposition:

- **P1.** Pro-poor inclusive PPPs in agriculture can help smallholders to increase productivity, become competitive and access to markets.

- **P2.** The participation of smallholders in PPPs can help to increase their income and overcome poverty.

- **P3.** Innovative partnerships structures can promote the effective incorporation and participation of organizational producers and small farmers in the discussions and constitution of PPPs.

The main aspects to be assessed at the case studies would be economic feasibility – agricultural productivity – and social concerns – poverty reduction. In order to learn the real impact of these PPP, the following aspects to be analysed are suggested:

For partnerships:

- The strategy of the partnerships: shared goals, division of responsibility,
- Sharing information and knowledge transfer
- Involvement of smallholders and producer organizations during the negotiation process.
- Legal framework (lands rights, taxes, etc).

For the outcomes:
- Improvement of agricultural productivity and yields (tons/ha)
- Smallholders’ access to markets (commercialization of products in local and regional markets)
- Improvement of life quality of smallholders (access to social services, incomes, empowerment of women and indigenous, etc.)
- Development of other non-agricultural activities in the affected community

6. CONCLUSIONS

The reduction of hunger and malnutrition in the world remains one of the key challenges for the international community and a main objective of the UN. Agriculture activities provide not only food for households, but also means of income generation, and thus, a tool for poverty alleviation – growth in farming activities generates greater welfare gains for the poorest parts of the population.

Agriculture needs to be repositioned as a central sector for policy-makers and investors. Positive agricultural investment can benefit investors, small-scale producers, communities and governments. Investments are needed in areas such as research, training and extension services, rural infrastructures, trade and markets and so, in order to help agriculture reach its full potential to contribute to reduce hunger and poverty. Still, the challenges are huge, as agricultural training, infrastructure and research have suffered a 20-year period of underinvestment.

Challenges ahead require efforts by both businesses and governments alike to ensure a positive impact on agriculture for development. Indeed, although farming is essentially a private activity, it is widely supported the idea that it certainly requires of public support and regulation. And accordingly, although public investment in agriculture is vital and cannot be replaced by the private sector, private investment becomes essential to leverage resources as a complement of public sector investment.

On the one hand, PPPs continues to gain attention of different stakeholders, despite the need to clarify concepts and unify approaches. And on the other hand, the role of the private sector in agriculture, including foreign investors, has grown in the last years and will continue to grow. As such, the development of public-private partnerships in the agriculture sector, while its newness, could be seen as an innovative instrument that could bring a solution to the current confronts in food security. Despite of the few examples of pro-poor partnerships in the agricultural sector – and the lack of interest among business actors in getting involved in partnerships against hunger in the field of agriculture –, public–private partnerships have an enormous potential to improve the livelihoods of resource-poor smallholder farmers and food-insecure population. Many
authors have acknowledged the multiple benefits that PPPs in agriculture could bring to increase food production and food insecurity.

But both, the development of PPPs and private sector’s involvement in agriculture activities, are not simple tasks and must be confronted carefully if sustainable development and respect of human rights are to be accomplished. And also, both scopes must be anchored on common elements such as sound legal frameworks for a suitable investment climate, capacity building or strong government commitment and reliable institutions. Moreover, it must be born in mind the complexity of designing, structuring, and implementing PPPs, and even more with the particularities of the agriculture sector, if positive social results are pursued. No mechanism has been developed to develop successful PPPs, or either to capture the social concerns for PPP projects. Besides, private sector operators and development policy makers come from quite different angles, with different languages, procedures, approaches and ultimate goals. Public institutions and private firms can improve understanding and mutual perceptions by increasing cross-sectorial dialogue and communication with a greater exchange of information on partnerships, but this requires great willingness from both sides. Furthermore, involvement of smallholders and regular consultations with civil society groups, together with an in-depth knowledge of the investor and local conditions are also key. In any case, the development of PPPs must be carefully assessed on a case-by-case basis, considering the context, the public service to be delivered, and the comparative advantages and the interests of the parties coming together.

In addition, there is an urgent need to introduce a more systematic way of monitoring PPPs over the long run, in order to collect lessons and experiences. While there have been many experiences on PPPs in other scopes – mainly in infrastructure –, it becomes challenging to directly extrapolate these experiences and lessons learnt to the agriculture sector due to its particularities, the many different types of PPPs and its complexity, and the need to achieve hunger eradication and human development as its overarching goal – in this context, social concerns becomes more remarkable.

There are areas of great potential for investment in agriculture – markets and agro-business, rural infrastructure, capacity building, financial markets, etc. – which are also essential for the development of strong food systems and urgently need investment. And PPPs can be an essential instrument to catalyse private investment in the agriculture sector. But there are still many questions that need to be further analysed. Papers have shown the fundamental role that governments in potential recipient countries have in ensuring that they have a suitable investment climate and that policies are designed to create incentives that make pro-poor PPPs in agriculture more feasible or attractive. While this is clear when it comes to designing policies,
regulations and legal frameworks, it becomes challenging for the provision of basic services. At this point many questions arise. While investments are required for the development of basic needs and structures in agriculture (see chapter 4.2), without these basic services, it might be difficult to get the confidence of private actors. For example, as stated by many authors, private investment and growth will only happen if smallholder production can be commercialised. This is understandable, as private investment does not want to take risks and seeks for cost-effective actions. However, commercialization is difficult as smallholders cannot access to markets and value chains are not structured, unless investments are undertaken previously (in basic needs such as roads, value-chain financing, etc.). However, beforehand action from public institutions, although required, in many occasions is problematic (due to lack of finance, lack of information of what private sector needs, or even lack of capacity). This makes some times very difficult to decide where to set a starting point when it comes to unleashing private investments, with the risk of getting into a “vicious circle”. As such, governments need to set dialogue channels to identify business opportunities and address the many constrain factors that impede private investments. Willingness from both governments and private firms is essential.

Furthermore, the role of smallholders in PPPs is central if development outcomes are to be achieved. Although at the present study the term private sector has referred to private firms – mainly large international or national firms, except for IFAD – excluding small farmers and SMEs, a consideration of small producers as private activity must be contemplated, as main investors in small-scale agriculture and important agents of agriculture development and promoters of change. The experiences of partnerships in agriculture are still few, and the diversity of contexts, needs and actors, together with the reality of the agriculture sector and the huge challenges ahead, must be born in mind – either trough the set up of PPPs or through multistakeholder partnerships (MSP). The importance of the social dimension in the elaboration of PPPs in agriculture sector – and its many concerns in terms of human rights and sustainable development – demands a further vision of what does partnership means (beyond the terms PPP and MSP), in line with the notion of partnership referred to all along the post-2015 agenda debates. Ban Ki-moon in his synthesis report[20] enumerates partnerships as one of the identified six essential elements to deliver on the SDGs, and uses to the term “public-private-people partnership”, also known as P4, with a further vision of what does partnerships mean for the fulfilment of the future development agenda based on human rights and sustainable development. As this is not a new term (S.T. Ng et al. 2012), it refers to the importance of involving people in a public-private partnership scheme and move further to the two-way partnerships between public and private sectors, with a shared-powered network. Although this term was used for the

infrastructure scope (Ibidem), its bottom-up approach and participative strategies could be taken as an example of how to embed social concerns in the elaboration of partnerships, especially for the agriculture sector, considering its sensitiveness and the importance of the involvement of communities and smallholders for development.

Figure 10: public-private people partnerships (P4)

Source: S.T. Ng et al. 2012

The sustainable development goals provide a platform for aligning private action and public policies, and the development of transformative and inclusive partnerships are a key tool for the implementation of the future agenda. As MDG8 previously called upon members “to develop strong partnerships with the private sector and with civil society organizations in pursuit of development”, the future agenda must be anchored on a global partnership “built upon principles and values, a shared vision, and shared goals: placing people and planet at the centre”.

Finally, as an innovative initiative, Grow Africa acts as a platform for setting cross-sector partnerships and expanding knowledge of best practices and for problem-solver. The platform enhances public-private partnerships through the promotion of innovative scalable models for smallholders’ aggregation in value chains. Thus, the platform presents many potentialities to encourage private sector investment into Africa’s agricultural sector due to its characteristics, and positive outcomes are well expected.

To wrap-up, it must be evidenced the fragility and weakness of the global food system, while international community is still far to reach the goal set at MDG1. Nevertheless, even though business as usual cannot be an option any more, it is far from possible that the global food system will change per se, or by regulations from global governance. Changes must come from the bottom, that is, from national and regional markets in developing countries. In this sense, sound regional markets and agribusiness, particularly in Africa, can help to stimulate the demand of domestic staple crops and products, allow access of smallholders to markets, add value along
the value chain, increase the demand of agricultural inputs, unleash investments in rural areas, etc. Yet, this is a huge challenge that cannot be achieved by a single actor. A close collaboration between public and private partners is at the root of successful agricultural investments and can help to strengthen regional markets. The development of successful public-private partnerships in the agriculture sector for human and sustainable development may be a step forward, and as such, its potentialities must be further explored and enhanced.
REFERENCES


IFAD, *Food prices: smallholder farmers can be part of the solution*, [http://www.ifad.org/operations/food/farmer.htm](http://www.ifad.org/operations/food/farmer.htm) [Date of consultation: 15-11-2014]


Narrod, Clare; Roy, Devesh; Okello, Julius; Avendaño, Belem; Rich, Karl; Thorat, Amit. (2009). “Public–private partnerships and collective action in high value fruit and vegetable supply chains”. Food Policy 34 (2009) 8–15


