

THE ROLE OF PRIVATE-PUBLIC PARTNERSHIPS IN REGIONAL VALUE CHAIN DEVELOPMENT

Models of collaboration

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1.1 CHALLENGES – AGRICULTURAL SECTOR

Infrastructure: • trunk and feeder roads • ports • rail networks • energy • non-transport infrastructure (rural storage, processing)

Capacity building and training: • business skills training • agricultural production training • demonstration plots

Support services to farmers: • extension and research support, • marketing systems and agriculture innovation

Improve efficiency of services: Bring down the delays – bring down the costs and cut the ‘red tape’

1.2 CHALLENGES - AGRICULTURAL SECTOR

Policy and Regulatory Environment: • losses due to theft • rent-seeking activities • solid policies • transparency • referee and player • over-regulation

Land administration systems: collateral assets – access to finance

Financial systems: • lack of access to affordable finance • savings – a way of out of poverty and payment challenges

1.3 CHALLENGES - AGRICULTURAL SECTOR

Business environment: • lack of support from government
• support private sector development • extension services • lack of skilled staff • high cost of doing business • ease of doing business • rent-seeking activities, etc.

Regional harmonisation of policies: • sanitary and phytosanitary regulations (SPS) • fertiliser packaging • seed protocol in SADC, COMESA and EAC

2.1 OPPORTUNITIES - PRIVATE SECTOR

Infrastructure: Develop PPP projects – support funding for infrastructure and support rural infrastructure – value chains: cooling, processing and packing facilities e.g Mozfoods, Chimoio

Capacity building and training: Develop, fund and support business and agri-skills training – John Deere tractor operators in Zambia, demonstration plots (impact of seed and fertiliser)

Support services to farmers: • marketing systems – include SHF's products in value chains • develop market information systems – share regional market prices • distribute agriculture innovation – seed, fertiliser, organic farming, improved packaging, etc.

2.2 OPPORTUNITIES - PRIVATE SECTOR

Improve efficiency of services: negotiate and work with government to improve efficiencies

Policy and regulatory environment: • work with government to improve policies • resist rent-seeking practices

Land administration systems: support reforms and provide finance

Financial systems: • provide value chain finance to small out-growers – regional development banks • promote savings schemes – SaveAct • support innovative financing options – warehouse receipts, branchless banking, index insurance, blended funds, etc.

2.3 OPPORTUNITIES - PRIVATE SECTOR

Business environment: • private sector to promote collaboration with government • support extension services, train staff, promote governance • contribute to a better business environment - promote ethical behaviour

Regional harmonisation of policies: • work with RECs to promote the facilitation of trade • support development SPS regulations to enhance agricultural trade flows • support development of common standards e.g. fertiliser formulations

3. HOW CAN PRIVATE SECTOR DO THIS?

Create a private sector-led regional platform to enhance PPP:

NEPAD Business Foundation (NBF), Removing the Barriers Programme (RtB) in Agriculture

Fertiliser value chain support: African Fertiliser and Agribusiness Partnership (AFAP)

Development finance: Implement innovative private sector finance models

Making smallholder farmers part of international value chains:
Wool development in Eastern Cape

3.1 REMOVING THE BARRIERS PROGRAMME

Created a private sector-led regional platform to enhance PPP – Southern Africa Agriculture Development Partnership Platform (SAADPP) – Hewlett Foundation and USAID 2010-2015

Four countries: South Africa, Mozambique, Malawi, Zambia

Thematic Working groups – Alternative Funding Streams, Regional Market Integration and Capacity Building

Implemented: Supply Chain Entrepreneurship Programme

Developed project proposals: • Agriculture Project Preparation Facility • identified projects from CAADP Investment plans • seed harmonisation • regional market information, etc.

3.2 FERTILISER VALUE-CHAIN SUPPORT

Mission: Directly – to and through – the private sector in a manner that reduces costs for smallholder farmers to accelerate fertilizer usage so as to increase crop production and income

AFAP provides support: Two mechanisms - APCs & Platforms:

- *Agribusiness Partnerships Contracts (APCs):* • matching investment grants – storage facilities hub-agrodealers • credit guarantees to fertiliser suppliers and importers – liquidity • TA
- *Facilitate dialogue platforms:* private and public sector

Countries: Ghana, Mozambique, Tanzania, Malawi, Ethiopia, Côte d'Ivoire

3.3 INNOVATIVE PRIVATE SECTOR FINANCE

Agribusiness: • retail loans to emerging commercial farmers supplied by Land Bank • provide technical assistance, training and mentorship • provide equity with government grants for community development projects i.e. citrus industry

NGOs: • LIMA provides loans to farmers • SaveAct promote saving schemes amongst social grant beneficiaries

Boutique finance: *Capital Harvest:* • customised financing to fruit farmers • turn businesses around • direct finance to farmers

Akwandze Agricultural Finance: provides finance to sugar cane growers and contractors – infrastructure and working capital

3.4 INTERNATIONAL VALUE CHAIN - WOOL

1997: • communal sheep farming in the Eastern Cape Province of South Africa • overgrazing of natural veldt • absence of preventive medicine • low productivity • informal markets • Poor quality wool

2017: National Wool Growers Association provided with government support: • good quality rams (47 000) • shearing sheds (12-18 p.a.) • training and mentorship

Participation in formal wool market:

1997 – 220 0000 kg wool @ R1,5 m

2017 – 5 812 641 kg wool (26 x) @ R299,9 m (200x nominal terms)

Average market price per kg: Formal R52 & Informal R8 – R12

4 CONCLUSIONS

- Private sector: a **sustainable driver** in development
- Responsible private sector development: **inclusiveness** is key
- Work with government at all levels: be **pro-active**, take the **lead and create** opportunities
- **Create fora** (PPP platforms) for formal engagement with government to create a more conducive business environment, **impact policies**, address inefficiencies and **create public goods**
- **Work with all ‘development partners’**: government and its agencies, agribusinesses (even competitors), farmer organisations, trade associations, think-tanks, NGOs, donors, etc.

THANK YOU