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Research Application Summary

Unlocking Africa's agricultural development through public-private partnerships, supportive curricula and agriculture friendly policy

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Abstract

With over 25% of the world's arable land being in Africa, the continent could play a pivotal role in producing food and fiber for itself and for the export basket to feed a waxing global population projected to reach nine billion by 2050. As African countries attained independence, agricultural development was neglected. Governments paid lip-service to agricultural development, and yet agriculture is the cornerstone of industrial development. This neglect is costly, as countries must use scarce foreign exchange to import food. On the other hand, industrialization in developed countries occurred in tandem to successes in agriculture. That resulted in improved living standards and quality of life. Improved quality of life and wholesale industrialization on the African continent will not happen without substantial sustained developments in agriculture. The causes of poor agricultural development in Africa include among others, communal land tenure systems which make it risky for investors, lack of skills in farming as a business, ineffective agricultural services delivery, lack of capacity and capital, as well as price pressure on local agricultural produce from imported subsidized agricultural products. In addition, most countries in Africa lack curricula supportive of agriculture and science in their education continuums, as they also lack policy favorable of agricultural development. Public-private partnerships can be invaluable instruments to pool human and other resources from stakeholders, and work to achieve common goals. Such partnerships help to spread risk, bring private capital investments and agribusiness service delivery skills, and can jump-start agricultural development across Africa. To sustain public-private partnerships, there is among others, the need for supportive agriculture and science-based curricula throughout the education continuum, and favorable policy. When that happens, the continent will transform from a net importer to a net exporter of food and fiber, and thus provide solutions to challenges of feeding itself and a global population of nine billion by 2050. As this occurs, industrialization and economic growth across Africa will ensue, employment will rise, and the quality of life improve. Agriculture is local. Therefore, how each country, province, district, municipality or ward implements the public-private partnerships for agricultural development in Africa will depend on its socio-agro-economic circumstances.

Key words: Africa, agricultural development, agriculture policy, improved quality of life, public-private partnerships, supportive curricula

Résumé

Avec plus de 25% des terres arables du monde étant en Afrique, le continent pourrait jouer un rôle clé dans la production d'aliments et de fibres pour lui-même et pour l'exportation afin de nourrir une population mondiale projetée d'atteindre neuf milliards en 2050. Quand les pays africains ont atteint l'indépendance, le développement agricole a été négligé. Les gouvernements font des engagements verbaux concernant le développement agricole, et pourtant l'agriculture est la pierre angulaire du développement industriel. Cette négligence est coûteuse, car les pays doivent utiliser les rares devises pour importer des denrées alimentaires. D'autre part, l'industrialisation dans les pays développés a eu lieu en tandem avec les succès du secteur agricole. Cela a donné lieu à des niveaux de vies améliorées et la qualité de vie. Amélioration de la qualité de la vie et de l'industrialisation grossiste sur le continent africain ne se fera pas sans développement substantiel soutenu dans l'agriculture. Les causes du développement agricole pauvre en Afrique comprennent, entre autres, les systèmes fonciers communaux qui sont risquant pour les investisseurs, le manque de compétences dans l'agriculture en tant qu'entreprise, la prestation de services agricoles inefficaces, le manque de capacités et de capitaux, ainsi que la pression des prix sur les produits agricoles locaux par rapport aux produits agricoles subventionnés importés. En outre, la plupart des pays africains manquent des programmes d'enseignement qui soutiennent l'agriculture et la science dans leurs continuums d'éducation, car ils manquent aussi des politiques favorables du développement agricole. Les partenariats public-privé peuvent être des instruments précieux pour mettre en commun des ressources humaines et d'autres ressources venant des parties prenantes, et de travailler pour atteindre des objectifs communs. Ces partenariats aident à répartir le risque, attirer des investissements de capitaux privés et des compétences de prestation de services de l'agro-industrie, et peuvent relancer le développement agricole à travers l'Afrique. Pour soutenir les partenariats public-privé, il y a entre autres, la nécessité des programmes d'enseignement et scientifiques qui soutiennent l'agriculture le long de l'ensemble du continuum de l'éducation et de la politique favorable. Lorsque cela se produira, le continent se transformera à partir d'un importateur net à an exportateur net de denrées alimentaires et de fibres, et fournira ainsi des solutions aux défis de se nourrir lui-même ainsi que nourrir une population mondiale de neuf milliards en 2050. Quand cela se produira, l'industrialisation et la croissance économique à travers l'Afrique en découlera, l'emploi va augmenter, et la qualité de vie sera améliorée. L'agriculture est locale. Par conséquent, la façon dont chaque pays, province, district, municipalité ou le quartier met en œuvre les partenariats public-privé pour le développement agricole en Afrique dépendra de sa situation socio-agro-économique.

Mots clés: L'Afrique, le développement agricole, la politique agricole, l'amélioration de la qualité de vie, les partenariats public-privé, les programmes de soutien

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Introduction

Staring in the 2000's, participation of the private sector in development has been reported (Monterrey Consensus on Financing Development, 2002). Today, more than 134 developing countries use Public-Private Partnerships (PPPs) amounting to 15-20 percent of their total infrastructure investments (IEG, 2014). This is especially so in developing Information Communication Technology (ICT) infrastructure. Other PPPs are in transport, power, water, and basic service delivery including health and education. The use PPPs in agriculture is still a novelty that could drive agricultural production in Sub Sahara Africa (SSA), create employment, alleviate poverty, help with industrialization and improve the quality of life. When that happens, the first Goal of the United Nation's (UN), Sustainable Development Goal (SDG1) will be achieved. FAO (2011) illustrates the interconnections among hunger, food insecurity, and poverty and reports that, a majority of the poor *(people living on less than $1.25 a day)* reside in rural areas. And, 75% of the world's poor in rural areas depend on agricultural activities for their livelihoods (UN, 2005). Further, FAO (2014) ascribes rural poverty and food and nutritional insecurity to policies that pay little attention to improving agricultural productivity, to lack of rural infrastructure to provide social protection services and productive resources. The impact of agricultural growth on poverty reduction in low-income developing countries can be five times greater than the general growth, and employment diversification in rural areas into non-agricultural activities is mostly driven by agricultural growth (FAO, 2014). The plight of SSA rural folks is compounded by global warming and climate change, and by dwindling government resources to develop agriculture. A prosperous agricultural sector will spur economic growth, generate farming and non-farming employment opportunities that will lead into other economic activities. We are in agreement with FAO (2014), and postulate that agricultural development in former homeland areas of the Eastern Cape Province in South Africa and of similarly underdeveloped areas in the country and throughout SSA is pivotal if sustainable development, poverty alleviation, and improvements in the quality of rural lives is to be achieved. The failure to develop agriculture and achieve food security anywhere, compromises attainment of the rest of SDGs.

Study method and justification

To avoid being trapped by the nuances of the old adage that *"Practice without Theory is blind, and Theory without practice is sterile,"* we reviewed literature with the quest to understand how best PPPs can be applied in agricultural development? Literature on agricultural PPPs in SSA is scant. Therefore, we sourced relevant materials from around the globe with the view to broadly comprehend agriculture PPPs and how they could be applied to SSA in general, and to the Eastern Cape Province of South Africa in particular.

Conceptual framework

Public-Private Partnerships are win-win collaborative arrangement between public and private sector partners that are geared toward increasing production, efficiency, and return on investment. There are many definitions of PPPs. Among them are those from Bovaird (2004) *"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,"* and from BMZ (2011) *"PPPs are 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". PPPs reduce risk of the private sector in the agribusiness sector, and the private sector provides business and managerial skills as well as capital that governments often do not have, while augmenting government investment in social development. Loriente (2015) indicated that the private sector in PPPs can drive economic growth, as they have the capacity to create jobs, build capacity for employees, connect and open new markets, build infrastructure, provide goods and services, incorporate the rural poor in agricultural value chains, as producers, suppliers, distributors, retailers and franchisees, and by paying taxes to support public budgets in rural areas. Thus, PPPs can be effective instruments to bring mechanisms of public funding and community resources with private investment to address development goals of civil society.

Sustainable agricultural development is the goal of poor, chronically hungry societies in SSA and south Asia, and PPPs in those regions can help reduce hunger, eradicate poverty, and contribute to achieving SDG1. However, Loriente (2015) notes the difficulty to assess the impact of PPPs in farming due to many features in agriculture activities and to its long-term effects. From a knowledge perspective, the conceptual framework of PPPs includes (i) public interest in agricultural and economic development, (ii) private interests to invest for economic benefits, and (iii) human resources development. The public and human development components of the PPPs fall within a country's borders, whereas private sector interests and capital must be seen within the context of a globalized world. It means private capital in agricultural PPPs can include offshore money, in forms of Foreign Direct Investment (FDI) as in FAO (2013). In the new world economic order, global partnerships and collaborations among government, business and civil-society are essential for job creation, economic and political security and stability, food and nutritional security as well as social development.

Rationale for PPPs

There are several arguments among authors why PPPs are chosen among other forms of cooperation with the private sector. Most arguments are seen in the context of infrastructure PPPs, which are the most common. Brinkerhoff and Brinkerhoff (2011) indicate that one or more of the following reasons influence actors to choose getting into PPPs:

(i) To enhance efficiency and effectiveness through a reliance on comparative advantages, a rational division of labor, and resource mobilization;

(ii) To provide a multi-actor, integrated resources and solutions required by the scope and nature of the problems being addressed;

(iii) To move from a no-win situation among multiple actors to a compromise and potential win-win outcome; and

(iv) To open decision-making processes that promote a broader operationalization of a public good and maximize representation and democratic processes.

Types of PPPs

There are many forms of PPPs in literature, and there is no consensus on a preferred form of PPPs. The specific contexts, needs and partners determine which model of PPPs is applicable to the situation. Broadly, the purpose of PPPs determines how they are grouped, the organizational structures they have, and the performance metrics and normative dimensions they adopt. Most PPPS fall under (i) Policy, (ii) Service Delivery, (iii) Infrastructure, (iv) Capacity building, and (v) Economic development.

Requirements to establish PPPs

As with any other business, there is need for the public sector to create a favorable business environment that fosters development of agricultural public-private partnerships. Loriente (2015) emphasizes the need for stable markets, sound legal frameworks, and well-designed projects for PPPs to succeed, and simultaneously notes that PPPs can be potent instruments to respond to market failures while minimizing the risk of government failure. The author also argues how the balance between private and public impacts and benefits is a major challenge of PPPs.

General impediments to PPPs

Analytical literature on the impact of PPPs on development especially in agriculture is scant due to the newness of the paradigm in the sector. However, Poulton and Macartney (2012) reported the private sector's complain of insufficient government commitments to agreements, especially after political changeovers. Poulton and Macartney (2012) also recommend (i) more transparency; (ii) mechanisms, such as multi-stakeholder to give partners a voice; (iii) and that the private actors build strong relationship with customers. In addition, the following challenges were identified by the private sector partners (1) fear of failure; (2) constraints on staff; (3) profit pressure; (4) practical challenges posed by new partners; (5) financing; and (6) attitudes when breaking new barriers. From the above, we deduce that impediments to development of PPPs can be addressed among others by creating environments of trust, developing solid legal instruments, building capacity, as well as by having accurate performance measures and monitoring and evaluations instruments for the short, medium, and long terms.

Challenges when investing in agricultural PPPs

There are specific challenges that need to be overcome in order to attract private sector to invest in agriculture PPPs in SSA. These arise from SSA agricultural policies that do not take into account the price competition between local produce a produce imported from regions with agricultural subsidy that tend to distort the market. In addition, the challenges also include (i) weather, climate change and droughts that threaten viability of small-farmers and food security; (ii) big investments may require large-scale land acquisition or ways to work around the communal tenure system; (iii) scarcity of agribusiness specialists and agriculture related skills, as a result of archaic curricula taught in universities and colleges in

SSA; (iv) lack of access to agricultural information that investors, especially FDIs need to understand the agricultural potential of an area and be able to conduct feasibility studies; (v) access to credit limits investments in rural areas due to the lack of collateral on the part of small-scale farmers (Kelly *et al*., 2003); (vi) poor infrastructure such as roads and marketing infrastructure curtail agricultural development and undermine the development of produce bound for the export market; (vii) extension services and research operate parallel to one another instead of in unison; (viii) lack of links between agriculture and agribusiness specialists, producers and consumers, and between farmer's needs and local conditions and researchers (IEG, 2011); (ix) lack of credible production-oriented small-scale producer organizations; (x) cross-cutting issues including land degradation resulting in unhealthy ecosystems; (xi) the need for African governments to work to improve contract law and enforcements procedures, and get better World Trade Organization (WTO) negotiations that improve Africa's competitive position and guarantee stable policy environment (Kelly *et al*., 2003); and (xii) all components and intricacies that are summed up in the African Smallholder Cycle (Grow Africa, 2012; 2014).

Conclusion

We believe that *"Grow Africa"* initiative founded jointly by the African Union Commission (AUC) the New Partnership for Africa's Development (NEPAD) and the World Economic Forum in 2011 with the objective to increase private sector investment in agriculture, and accelerate the execution and impact of investment commitments is cause for optimism. However, PPPs must be developed and carefully considered on a case-by-case basis. There is need to thoroughly study each socio-political production environment, the public service and the attendant clientele to be served and the comparative advantages of the partners entering the work relationship. Our optimism is bolstered by the existence of agricultural PPPs in SSA countries including in Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Rwanda, Tanzania, and Uganda. We stress the need to generate home-grown data and to monitor the impact of PPPs. Farming is after all inherently a private sector activity. And, involving the private sector in agriculture through PPPs to develop rural farming capacity in underdeveloped areas augurs well for Africa's food and nutritional security, employment generation, industrialization, and concomitant economic growth. To make this aspiration reality, there is need to mobilize domestic and foreign private sector investment, and to exploit opportunities for development that these investments bring, while empowering communal and smallholder farmers and attracting modern agricultural technology. When that happens, across the continent, Africa's position will change from that of an annual importer of $40+ billion of food (Grow Africa, 2014) to being a net export of food and contribute to feeding a global population projected to reach nine billion by 2050.

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