

Public Private Partnership (PPP):
an effective instrument for food security?
Experiences from Ethiopia – by Embassy Kingdom of The Netherlands

Why do we need PPP?

PPP is one of the mechanisms to strengthen the capacity of public endeavors for development. In most developing countries, governments lack full capacity to respond to high demands for various services. Bringing private sector into this development intervention will create a room for enhancing the service provision and balance the supply and demand in the value chain. Private sector comes with different (technical, institutional) capacities and resources to support the rural community in their efforts to improve production and productivity, and most importantly in marketing of their products for better prices. PPP are also important for improving and sustaining the value chain of different agricultural products and thereby the livelihoods of the rural community.

Experience of EKN-Addis (Ethiopia)

EKN-Addis has 5-6 years experience in facilitating PPP, mainly in areas of oil seed, horticulture, and beekeeping. Especially for the first two, the embassy has worked with Ethiopian Pulses and Oil Seed Exporters Association and Ethiopian Horticultural crops Producers and Exporters Association by linking public money from Dutch Grant with public institutions (Ethiopian Revenue and Customs Authority, Ministry of Agriculture, and Addis Ababa Chamber of Commerce) to build the capacity of the latter institutions. Wageningen University and Research (WUR) has played a role of capacity building through training. The embassy assesses the reports and provides recommendations. We see the PPP to continue to play their linking role both nationally and internationally. They are very good instruments to create conducive business climate for improving productivity and facilitating export markets. Now, let us present two examples of recently started PPP related to malt barley improvement and integrated land and water management.

Malt barley improvement

Capacity building for up-scaling of evidence based best practices for agricultural production in Ethiopia (CascapE) is a Dutch financed bilateral project aligned to Agricultural Growth Program (AGP) and working in four AGP regions. The project is coordinated by WUR-Alterra working with five Ethiopian universities¹. This project was carrying out validation research on malt barley with the farmers in the South. Once the validation has taken place, they wanted to upscale the selected variety and facilitated discussions with experts from agricultural offices, research centers, and a malt factory. They arranged field days for visiting demonstration fields on validation trials of malt barley and facilitated discussions on how to link the malt barley producers and the malt factory. Finally, bureau of Agriculture and Marketing and Cooperatives Agency had taken the responsibility to organize the producers into cooperatives which have

¹ See also: <http://www.wageningenur.nl/en/show/CASCADE-points-Ethiopia-the-way-to-food-security.htm>

signed a Memorandum of Understanding with the malt factory (namely, Assela Malt Factory which is partly public). The malt factory provides technical support to producers and in monitoring quality. The coops are serving as out growers for the malt factory.

Similarly, an Integrated Seed Sector Development (ISSD, <http://issdethiopia.org>) is also a Dutch financed bilateral project working with four Ethiopian universities and one public seed enterprise. It works with farmers in screening improved seed and facilitates the organization of seed producer cooperatives.

On the other hand, Heineken which is private brewery company (FDI) is working with an agricultural research centers in identifying and screening malt barley varieties. They needed to link with possible stakeholders to facilitate supply of improved malt barley with a standard quality.

The embassy organized discussion between Cascape, ISSD and Heineken and asked them to come up with possible PPP. These two projects (ISSD taking the lead) set another meeting with Heineken and cooperative representatives who are producing malt barley but not have signed contractual agreement with Assela malt factory. Heineken has also signed a temporary agreement with the malt factory, but has an objective of setting its own malt factory in the long run. The major stakeholders working within this PPP are Farmers (and cooperatives), agricultural offices, universities and seed enterprises, ISSD, Cascape, research centers, Heineken and Assela malt factory.

Integrated land and water management

Another PPP initiative is the Integrated Land and Water Management in the Ethiopian Central Rift Valley (CRV) Landscape. A number of agricultural activities (floriculture, horticulture, viticulture, cereal crop production, and livestock rearing) are taking place in the CRV. The first three sub-sectors make use of irrigation and the products are linked to international value chains. There is relatively high level of fertilizer and chemical use in the region, and population growth rate is also high. Consequently, the CRV is facing challenges of water quantity decrease, water quality deterioration, overall natural resource degradation, and the institutional set up is too weak to broker between the strong economic interests and environmental needs.

Given the current challenges and notwithstanding the alarming long-term environmental hazards in the region especially around Lake Ziway, Horn of Africa Regional Environment Centre (HoA-REC) also funded by the Dutch government is taking an initiative of coordinating different national and international stakeholders towards integrated land and water management in the CRV landscape. Potential international and national partners include companies (private), government and civil society members (*list available*) and farmers. These partners will participate at either steering committee, technical committee or/and working group level (s).

Lessons learned

The previous PPP in the oils seed, horticulture and apiculture have helped a lot to establish the sectors. One lesson learnt is that PPP require capacity at local level (line ministries), which is often limited. Another challenge is the financial sustainability of PPPs, especially when the PPP

are financed by public money. It is assumed too easily that this public funding is continued. Another learning point is that there is a need for building common understanding to recognize that planning is as important as implementing.

The key challenges and opportunities for PPP in relation to food security (policy):

The challenges and opportunities are various and should motivate discussions and experience sharing with other embassies and other participants.

- PPP are seen as an interesting approach for food security objectives, encouraging examples of successful PPP are available
- There is a diversity in PPP, depending on the specific objective that is aimed at. In the above examples, the '**malt barley improvement**' case is a clear business development case with great interest from private business but also highly supported by public institutions and needed by farmers for increasing income. The second case on '**integrated land and water management**' is a platform of stakeholders aiming at creating the right environment and conditions that could benefit the interest of stakeholders. In this case, it is more challenging to extend the benefits to sustainable economic returns for economic actors while these benefits take longer time to be achieved. The nature of the constraint or opportunity determines the characteristics of the PPP.
- PPP take time to flourish. In the early stage of a PPP, expectations might be promising but real issues often only surface once implementation starts. Also (local) politics can creep in. A transparent process is important.
- A matchmaking partner could help in building a partnership, particularly in case the benefits are does not immediately clear to partners. In case of a clear business case with tangible financial/economic benefits for partners, the need for an external matchmaker is less likely. Local originations could play a role of matchmaker.
- In order to acquire government support, it is important to work within National frameworks. At the same time PPP have been able to change attitude of governments positively towards public private collaboration.
- Development PPP is still a relatively recent feature with some complexity. There is a need to invest in knowledge generation and support.
- A concerted effort between embassies and The Hague is needed to increase the international profile of the Netherlands on working with PPP's towards increased food security.