

CSIR-STEPRI POLICY BRIEF



Creating public-private partnerships and innovation platforms for agricultural development: Insights for development partners

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1. Introduction

Public-private partnerships (PPPs) and innovation platforms (IPs) are now buzzwords trending in the agriculture sector of Ghana. However, insights on their processes and outcomes are limited. This policy brief is based on a research project that studied the dynamics and outcomes of PPP and IP approaches in well-established export, vis-à-vis food value chains in Ghana. It highlights some key recommendations for development partners with interest in enhancing their effectiveness in the agriculture sector.

Public-private partnership is a contractual arrangement between one or more government entities (ministries, municipalities); private companies and investors; NGOs and/or donors for sharing skills, assets and risks to support an agricultural development agenda. Innovation platform is a group of individuals (who often represent organizations and value chain actors) with different backgrounds, skills and interests to jointly contribute to problem diagnosis, identification of opportunities, coordination, experimenting, learning and implementing of ideas to address problems in a value chain.

2. Approaches of the partnerships and outcomes

The partnerships studied (Table 1) are all donor funded, and project initiatives set up to transform value chains within the wider context of achieving sustainable intensification, improve smallholder livelihoods, and/or food and nutrition security.

Table 1: The partnership arrangements studied

	Public-private partnership	Innovation platform
Export-oriented Cocoa * nationally organised as priority crop for foreign exchange; mainly coordinated and regulated by the Ghana Cocoa Board (COCOBOD)	<i>Cocoa Rehabilitation and Intensification Programme (CORIP)</i>	<i>Convergence of Sciences-Strengthening Innovation Systems (COS-SIS)</i>
Food-oriented Soybean and Cassava * locally organised as important sources of revenue and food for the rural/urban population, and mainly coordinated by local and informal relationships	<i>Towards Sustainable Clusters in Agribusiness through Learning in Entrepreneurship (2SCALE)</i>	<i>Dissemination of New Agricultural Technologies in Africa (DONATA)</i>



Cocoa pods



Soybean crop with pods



Cassava and root tubers

The export-oriented cocoa partnerships (CORIP and CoS-SIS)

In Ghana, cocoa provides considerable foreign currency and government revenues. In principle, farmers could access all types of services, but due to inefficiencies and lack of transparency they do not acquire appropriate services in a timely manner.

The initiators of CORIP found from commissioned studies that the cocoa sector is straddled with unreliable delivery of pesticides and fertilizers, declining soil fertility, and ageing farmers. These challenges discourage farmers from investing in cocoa production, leading to low productivity in the sector. With co-funding from a donor, the CORIP programme was formulated. Then, PPP arrangements were established, inciting cocoa companies and licensed buying companies to collaborate and invest in Rural Service Centres (RSCs). These were to enhance delivery of agro-inputs, certification, and build farmer technical and entrepreneurial capacities for long-term sustainability in the cocoa sector. The increasing international demand for sustainable sourcing, ecological and Fairtrade certified cocoa, and need for corporate social responsibility brand-positioning, motivated private actors (cocoa companies) to be partners of CORIP. *The PPP arrangement linked farmers' need for effective delivery of inputs with the cocoa companies' interest of larger and sustainable cocoa beans supply.* However, the setting up of RSCs to supply agro-inputs was modified by the implementers (cocoa companies/LBCs) of the initiative. This resulted in various arrangements for agro-input supply

services, as: 1. Establishing and operating of RSCs, 2. Distributing agro-inputs through lead farmers in communities by the use of farmers' request list, 3. Providing agro-inputs services through mobile vans, 4. Using acquired agro-inputs in rehabilitation and farm maintenance initiatives for farmers. These modifications led to a more private sector-led provision of inputs and training services to cocoa farmers within their communities.

In the case of CoS-SIS, a researcher acting as a facilitator, analysed the cocoa value chain and with feedback from a multi-stakeholder workshop, established an IP to enhance inclusive development with a strategic core group of empowered farmer representatives and senior level public actors, critical for implementing the envisaged tasks. The CoS-SIS cocoa IP members identified large margins between export and farmer prices, lack of transparency in pricing and input delivery mechanism, as disincentives which encouraged smuggling of cocoa beans to neighbouring Ivory Coast. The IP gathered information and shared knowledge on cocoa pricing mechanism. With insights on which pricing components could be adjusted, an IP member (advisor to the responsible ministry) lobbied for transparency in the mechanism and an increase in cocoa price for farmers. The platform approach was based on a voluntary association of enthusiastic and dynamic personalities in key organisations such as FBOs, and government entities. It also involved joint knowledge sharing, problem prioritisation, fact-finding, and networking for the mobilisation of key actors who could use their high-level authority to improve farmer

prices and transparency. This IP approach, allowed the project to link national interest to reduce inefficiencies in the cocoa export sector, with farmers' interests of higher prices, and transparent delivery of inputs.

The food-oriented partnerships (2SCALE and DONATA)

Food crop production in Ghana, is dominated by smallholder farmers who depend mainly on rainfall and sell their produce at peak season for relatively lower prices on local markets or, to aggregators with whom they have a pre-financing arrangement. The cultivation of soybeans and cassava is characterized by limited use of improved seeds, fertilizer, mechanization, and post-harvest facilities. As smallholders lack reliable, affordable credit, input supply and lucrative output market opportunities, average yields are well below attainable levels, compounded by high post-harvest losses.

2SCALE used a two-step PPP approach, to establish soybean agribusiness clusters within specific geographical locations in the Northern Region of Ghana, and then linked the clusters to large processing and marketing companies, as well as bottom of the pyramid consumers. The activities of the agribusiness clusters (made of: farmers, processors, tractor-, agro-inputs, and credit providers), were directly supported with coaching and hands-on training of FBOs/cooperatives by the implementing partners (local NGOs). *This PPP in the agribusiness cluster approach, makes it possible for the local NGOs who already work on capacity building of FBOs and cooperatives, to get funding for scaling up and out their work. It also empowers farmers to- produce quality soybeans for private actors, create clear collaboration rules, build market links and negotiate for better prices.* The arrangement resulted in a mobilised clusters, with actors closely linked, to support value chain activities (tractor services, input supply, marketing). A processors' cluster is now formed

to provide nutritious soybean meals (e.g khebab) at affordable prices for household consumption, particularly for school children.

On the other hand, DONATA established IPs for local value chain actors (farmers, processors, buyers, transporters, agro-input dealers) to strengthen the innovation capacity (knowledge exchange and action taking) of agriculture development actors in the district. The IP approach, implemented by the district agricultural development unit, linked researchers, local NGO and extensionist with village level IP members. The IPs were first formed with farmers, then later processors, and the other value chain actors such as transporters, input dealers, traders were added. The researchers-extensionist-local NGO and IPs collaboration mainly focused on knowledge sharing and learning, joint experimentation, dissemination and adoption of new technologies to enhance productivity in cassava production and processing. *This IP approach, led to established linkages between the local cassava value chain actors and social networks that extended beyond cassava into the production of other crops (e.g. yam, maize).* There is also now a district agricultural and development unit that has a good understanding of how to implement the IP approach at district level, but lacks the financial resource and legitimacy to institutionalise this approach.

3. Lessons from PPP and IP dynamics in a well-established export value chain vis-à-vis food value chains.

The PPP approach

- PPPs were merely initiated by international donors and NGOs to tackle challenges of value chain actors and create impact on a larger scale. Rather than stimulating a slow process of learning and adoption, they formulated clear rules for engagement and transformation. Through cost-sharing, public development actors mobilise private companies to invest and reinforce collaboration with smallholders, e.g. through

the establishment of rural service centres in CORIP.

- In the cocoa export sector it is possible to engage international companies and government, but the farmer voice is missing. Cocoa companies recognised the need to invest in sustainable sourcing, interests aligned and companies signed on the PPP to subsequently implement it in a way they esteem societal responsible, fits their interest and cost-effective. Government partners (from Ministry of Finance, COCOBOD) were involved in the advisory board and monitoring & evaluation activities to ensure alignment with national regulatory framework and expertise. However, farmer representatives were not involved in the PPP formulation and decision-making process.
- *In the food value chains, PPP initiators primarily worked with local NGOs that support FBOs and cooperatives, to cluster and link them with new urban agricultural businesses.* The local NGOs accepted the partnership deal mainly for the funding, to scale out cooperative or Farmer Based Organisation support activities they already envisaged to perform. They built the capacity of locally respected leaders to organise and empower farmer cooperatives to deliver quality produce on timely basis, reducing transaction costs for the private companies. Hence, thorough study and critical, selective involvement of well-organised farmer cooperatives may allow such partnerships to foster niche development towards food products for urban markets.

The IP approach

- In both the cocoa and cassava value chains, *IPs were initiated by researchers with farmer representatives as core participants.* This is a way to link research with multi-stakeholder learning and concrete action, coordinating smallholder development.

- *In the well-established export sector, researchers managed to engage high level government authorities and cocoa companies.* National government actors had high stakes, and joint situation assessments and knowledge sharing led to more smallholder favourable price setting and input delivery mechanisms. *However, private actors only participated occasionally for specific tasks, and after the project, the IP lacked legitimacy and funding to continue.*

- *In the food sector, IPs mainly worked with government officers, a local NGO and IP leaders to enhance agricultural production, improve processing practices and link up with existing urban traders.* Government coordination and support existed on paper but there were not enough interest or resources to implement the tasks. The IP opportunity, vision and funding however easily attracted committed local government officers to network and support local development initiatives. However, it was difficult to involve private actors to sustainably invest in processing and farmer relations. New collaborative routines were established, but after the project period, two IPs out of five, remained active.

- In the cocoa value chain, with well-established rules and routines, the IP aimed to improve the efficiency of input delivery and cocoa pricing mechanisms. In the food value chain, however, the IPs had to start at the local level, establishing new technological practices, relationships and routines between farmers, processors, input dealers, transporters and buyers. Researchers and government actors were found to lack market expertise, to strengthen the created agricultural development with strategic market relations.

4. Recommendations for donors and other development partners

- All partnerships develop interventions to address specific value chain constraints. So, the creation of partnerships should start with institutional analysis and value chain assessment, to be able to determine strategic action. It is important to understand the policy environment, value chain dynamics and aspirations of stakeholders. A proper institutional assessment will highlight the opportunities and challenges, and thus provide adequate information on the plausible partnership approach; right level of intervention; strategic selection of focal persons and local implementing organisations; structure and composition of the partnership arrangement.

- *PPPs are able to initiate clear rules and commitments for transformation, while IPs encourage multi-stakeholder learning. Thus, it is important to carefully select the right partnership arrangement needed to tackle the main issue-at-stake.* PPPs engage key actors for pre-defined business changes. Multi-stakeholder IPs are valuable to explore complex problems and find smallholder-considerate solutions linked to a local situation and/or regulatory framework (quality control, export regulation, land use rights). In a well-established export value chain (e.g. cocoa), a carefully implemented high-level IP approach is able to create transformation towards a more inclusive value chain. In the food value chains, smallholders still produce and sell their produce mainly to local markets (particularly for cassava). Here IP learning mainly improved agricultural practices, productivity and local level coordination of transport, input supply and processing, but did not provide new large-scale urban market and business opportunities. In this context, it might be more effective to initiate a PPP with NGOs or private actors to build the IPs

capacity and improve access to inputs as well as strategic output market opportunities. .

- *Different partners play crucial roles in partnerships. Therefore an inclusive development strategy is needed to ensure that all relevant voices are considered in the formulation and implementation of PPP initiatives.*

- a. *Farmer voices tend to be missing in PPPs (e.g for cocoa). Ensure involvement of farmer voice.* Most partnership initiators formulate initiatives based on what they feel are 'good practices that have worked in other contexts', for farmers (as project beneficiaries). There is the need to understand the institutional contexts of these beneficiaries, so that partnership initiators can formulate tailor-made initiatives to fit specific local dynamics, to ensure ownership and sustainability after project implementation. *Continue to strategically support capacity building of Farmers to ensure advocacy for inclusive development.* FBOs are still weak and merely formed to gain access to donor support, but there are also charismatic and capable farmer leaders who are able to set a well-functioning structure to organise the timely collection of farm produce and skilfully negotiate for good prices and support needed. FBO strengthening remains essential to ensure farmers' voice in partnership arrangements for inclusive development.

- b. *Government actors should be engaged to ensure coordination of comprehensive agricultural policies and conducive regulatory frameworks.* Government actors are willing to join IP and PPP programmes, as these projects provide them opportunities and resources to better fulfil their public tasks. Some NGOs and private actors directly work with farmers and value chain partners, without informing and sparring with related

government officers. This leads to overlap and gaps, inefficiency in development efforts. PPP programmes should include government actors in their advisory board so as to ensure better development coordination.

- c. *IPs are able to mobilise government actors, but private actors who provide market access, do not easily get on board.* Donors provide financial support for NGOs to implement IP interventions. However, NGOs might change their focus or wither away, but private actors always remain part and parcel of the agricultural value chains. They play a critical role in the timely provision of quality inputs, processing and marketing channels, which are incentives that farmers need to invest in agricultural productivity so as to attain higher incomes. Private sector actors, however, primarily consider their business interest. They are less likely to engage in time-consuming learning approaches, than in PPPs with clear commitments and benefits. PPPs with cost-sharing arrangements are more apt to engage private actors to try new service provision, credit or market arrangements.
- d. *Acknowledge and encourage the development role of local researchers.* The study shows the critical role that researchers can play for inclusive development. District agricultural development unit officers (extensionist) have a general coordination role, while researchers can take the lead, network,

facilitate and monitor a project-based IP approach, ensuring focus and momentum. Researchers are respected partners at lower as well as higher levels; they have authority, legitimacy and are in the position to pose critical questions and organise accompanying research when needed. It is however important that government officers and researchers involved in IPs formation, bring their insights to policymakers, as well to as private actors.

- *Introduced interventions are adapted by key value chain actors to make them fit for their organisational logics. In this way they appropriate changes. These modifications should be seen as critical for sustainability.* Value chain actors will participate in IPs and PPPs, motivated by a public, organisational and personal interest or logics. At times, actors modify proposed arrangements to make them better fit for their specific context or own values and interests. Rather than sanctioning these changes, it is worthwhile to understand and if possible to accept the modifications as emerging innovations, especially when they seem to better fit actor's aspirations and more likely to be sustained after the project period. Through monitoring & evaluation, partners can study the impact of the modifications on the value chain to make them more smallholder considerate when needed.

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