THE CONTRIBUTION OF PUBLIC-PRIVATE PARTNERSHIP TO AGRIBUSINESS IN KENYA: A CASE STUDY OF FRUIT PROCESSING ENTERPRISES

BY

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DECLARATION

I, the undersigned, declare that this research project is my original work and that it has not been presented in any other university or institution for academic credit.

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This research project has been submitted for examination with my approval as university supervisor.

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DEDICATION

This project is dedicated to my parents Mr. Joel M. Ndunda and Mrs. Jennifer M. Mutuku who have continuously encouraged me to further my studies. I also dedicate this work to my wife Judy and daughter Riley, for their unwavering support and understanding during the research.

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LIST OF ABBREVIATIONS

AFC	Agricultural Finance Corporation
AGRA	Alliance for a Green Revolution in Africa
AKDN	Aga Khan Development Network
AKFED	Aga Khan Fund for Economic Development
ARDDG	Agriculture and Rural Development Donor Group
ASCU	Agricultural Sector Coordination Unit
ASDS	Agricultural Sector Development Strategy
ASIP	Agriculture Sector Investment Programme
ASTGS	Agriculture Sector Transformation and Growth Strategy
CAIM	Convergence of Agricultural Interventions in Maharashtra
CAP	Community Action Plans
CBOs	Community Based Organizations
CoG	Council of Governors
EAC	East African Community
EPZ	Export Processing Zone
ERS	Economic Recovery Strategy
FAO	Food and Agriculture Organization
FBOs	Faith-Based Organizations
FDGs	Focus Group Discussions
FFS	Farmer Field Schools
FPEAK	Fresh Produce Exporters' Association of Kenya
FSAP	Farm Specific Action Plans
GDP	Gross Domestic Product
GoK	Government of Kenya
GTZ	German Technical Cooperation
HCDA	Horticultural Crops Development Authority
ICDC	Industrial & Commercial Development Corporation
IF	Implementation Framework
IFAD	International Fund for Agricultural Development
IGS	Joint Agriculture Sector Inter-Governmental Secretariat

IIRR	International Institute of Rural Reconstruction
JSR	Joint Agriculture Sector Review
KENFAP	Kenyan Federation of Agricultural Producers
KEPSA	Kenya Private Sector Alliance
KI	Key Informant
KIPPRA	Kenya Institute for Public Policy Research and Analysis
MoA	Ministry of Agriculture
MoALF	Ministry of Agriculture, Livestock and Fisheries
MoF	Ministry of Finance
MTIP	Medium Term Investment Plan
NACOSTI	National Commission for Science, Technology and Innovation
NALEP	National Agricultural and Livestock Extension Programme
NEAP	National Agricultural Extension Policy
NGOs	Non-Governmental Organizations
PFIL	Premier Foods Industries Ltd
PME	Participatory Monitoring and Evaluation
POs	Partner Organizations
PPI	Public-Private Initiative
PPP	Public-Private Partnership
PPPU	Public-Private Partnership Unit
PRA	Participatory Rural Appraisals
PSDA	Private Sector Development in Agriculture
SAP	Structural Adjustment Programme
SMEs	Small and Medium-Sized Enterprises
SRA	Strategy for Revitalizing Agriculture
T&V	Training and Visit
VFM	Value for Money

ABSTRACT

This study investigated how Public-Private Partnership (PPP) in agribusiness have contributed to the improvement of fruit processing enterprises. The research objectives were to explore how the nature of Public-Private Partnership (PPP) has influenced the agribusiness; examine how the PPP policies have affected the sustainability of agribusiness; and to identify the challenges affecting PPP in the agribusiness. The study used a longitudinal surveys design and the research methods were interviews and observations. The interviews targeted key informants who were purposively identified based on set criteria on PPP knowledge and experience. The qualitative data collected was coded, analyzed and results presented in narrative form as per the research objectives of the study. The study established the nature of public-private partnership in the fruit processing enterprises is joint ventures and divestiture. The study established joint ventures which had a co-sharing characteristic between the public and private sector had greater success than divestiture which was characterized by greater private share. The study used functional characteristics of the nature of PPP to establish that the joint ventures which had co-sharing characteristics had greater success in fruit processing enterprises than divestiture. The study examined solicited and unsolicited public-private partnership initiatives to establish which contributed to the sustainability of agribusiness. The study established that unsolicited PPP initiative created a more stable system that attracts private entities to invest, establishes a favourable investment environment, facilitates a legal framework and provides transformative changes than solicited public-private partnership initiatives. The study identified public-private partnership in fruit processing face challenges associated with the nature of PPP and approaches to public-private initiatives (PPIs). The study concludes that public-private partnership (PPP) has contributed to functional, political and social improvement of agribusiness in Kenya, especially in the fruit processing industry.

CHAPTER ONE: INTRODUCTION

1.0 Background of the Study

The contemporary global economic crisis which was caused by the financial and economic crisis of 2008/9 has raised certain fundamental questions about functioning of free-market capitalism (Dullien, 2010). Amin (2011) identifies three important crises, the accumulation of real productive economy, energy and diminution of natural environment and agro-alimentary crisis to which one more may be added that undergirds the three is the crisis of development policy paradigm. These crises have caused developing countries continue to struggle from the legacy of the 2008/9financial crisis. Despite continued high unemployment and slow economic growth states that are grappling to democratically restructure and renew regulation to the global economy. In response varying development policy options such as resorting to a newly-designed phenomenon that adopt a public-private partnership approach (Osborne, 2000).

Van Ham and Koppenjan, (2001) defines Public-Private Partnership (PPP) as a durable cooperation between public and private actors in which they jointly develop products, services, share risk, cost and resources. Obosi (2015) views a PPP as a collaborative effort of between the public and private sectors to provide public goods. Grimsey and Lewis (2002) argue that definition of PPP remains unique as it depends on the differently forms and situations it is been used. Bakker (2003) argues that the existence of PPP in various forms and sizes makes it complex and distinctively problematic to define and categorize them appropriately. Barlow et al. 2013, acknowledges how globally governments have opted for PPP strategies as a technique financing and ensure efficient services delivery of its functions. Akintoye (2003) seems to agree that PPP act as a tool for developed and developing countries to promote quality and good governance in economic and infrastructural development. Savas (2000) and Weihe (2008) PPP are a strategy mainly used for infrastructure development by developing countries. Osborne (2000) partnership is an approach to achieve public policies and encouraging populace participation in public-use infrastructure such as roads, hospitals, ports, water and electricity system (Finnerty, 2007, Obosi 2015).

In agriculture, PPP promote and support agribusiness development through increased diversification, economic and wealth production, increased food security and market competiveness expansion (Rottger, 2004). IFAD report (2013) identifies Latin America (Brazil, Nicaragua, and Paraguay), Europe (Armenia), Asia and the Pacific (Bangladesh, India, Indonesia, and Papau New Guinea), North Africa (Egypt), Sub-Saharan Africa (Ghana, Liberia, Malawi, Mozambique, Rwanda, and Uganda) are some of the countries where PPP have promoted agribusiness (IFAD, 2013).

According to World Economic Forum (2013), Latin America recognizes PPP as key in promoting sustainable and inclusive rural development. For instance, Brazil PPP is organizing small farmers' groups into agro-ecological consortia to produce and process cotton and to apply for organic certification. In Nicaragua public-private partnership is providing small-scale farmers with greater opportunities for market access and value chain addition through the formation of with private-sector buyers' alliances. In Paraguay, PPP is promoting financial support through rural backs to improve buyers' access to credit and market. This has been through public-private initiatives that encourage inclusive family farming and strengthening relationships of farmers' organizations and companies. In Peru, the government in partnership with the Inter-American Development Bank is improving access to rural markets among smallholder farmers. The partnership supports the development of business plans via a competitive scheme offering partial funding through the entrepreneurial advisory services (IFAD, 2013; World Economic Forum, 2013).

In Europe the Armenian government has established funds for financing agribusiness specifically in the food-processing sector. The funds focuses on local economic development through market expansion hence building a sustainable agricultural livelihood of small scale farmers (FAO, 2013a). Hazell and Ramasamy (1991) also highlights the benefits of PPP agribusiness experienced in Asian countries such as Chile, Colombia, Ecuador, Peru, Indonesia, Malaysia, South Korea and Japan, which exhibited high rates of agricultural growth among small scale farmers. In Bangladesh, PPP is being used to link farmers to suppliers and strengthen micro-finance institutions that support value chain in agribusiness. The partnership identifies companies that are engaged in lucrative value chain activities and links them to small scale farmers in rural areas. It also provides government loans to private initiated value chain projects that target small scale farmers. In India, PPP is providing a global platform for market access of high-value produce. The Convergence of Agricultural Interventions in Maharashtra (CAIM) through a partnership with Field Fresh Foods Pvt. Ltd. has improved farmers market access through investment in infrastructure such as road to ensure produce get to the market in tome and at low costs (World Economic Forum, 2013). In Indonesia, public-private partnership linked smallholder farmers with private companies for cocoa production. The partnership has invested in better infrastructure, credit access by poor farmers and capacity building as a way to revive the cocoa sector. In Papua New Guinea, PPP has promoted the technological innovativeness in cocoa and coffee-growing areas while Sri Lanka the private sector is encouraging smallholder investment in processing, value chain and increase market access (UNESCAP, 2013).

In North Africa, Egypt PPP facilitates high value export through contractual arrangements between farmers and the private sector. This partnership has increased employment and increased export produce that met the Global GAP and Fair-trade standards (FAO, 2013b). In Morocco, PPP are improving the red meat sector though formal and informal agreements with smallholder farmers. The formal arrangements include capacity building, modern livestock techniques, small ruminant husbandry and enhanced micro-credit access while the informal were to enhance markets for agricultural products (IFAD, 2013).

In Sub-Saharan Africa, Ghana, Liberia, Malawi, Mozambique, Rwanda, and Uganda are some of the countries where PPP have promoted agribusiness (IFAD, 2013). In Ghana, PPP is using contract farming arrangements for cotton, shea nuts, maize, sorghum, soybeans, butternut squash and groundnuts production. This partnership between private and small scale farmers has led to improved infrastructure and developed of good governance practices among farmers' organizations.

In Liberia, PPP have been used to increase cocoa and coffee production for export by enhancing market access and better bargaining power, increasing production and high variety cocoa and coffee, revitalizing manufacturing processing and linking small scale farmers, plantations rehabilitation and developing financial institutions and cooperatives to support extension services. In Malawi, PPP have been used to improve rural livelihoods and economic enhancement through value chains for groundnuts (FAO, 2013b). In Madagascar, agri-PPP has enhanced collaboration between producers, transporters, processors and traders to increase income among rural inhabitants and improve food security. In Mozambique, PPP has established market channels, well organized trading schemes and assisted financial institutions develop agri-financial products that address the needs of traders and provide suitable business development schemes. In Rwanda, PPP is investing in tea plantations by rehabilitating existing one and establishing new ones while in Uganda it is supporting local production and processing of palm oil by providing small scale producers with assured supply of produce to process (IFAD, 2013; Baah-Dwomoh, 2016).

FAO/UNIDO (2010) appraisal of agribusiness PPP revealed that performance of agribusiness PPP in Africa was not successful compared to those in Asia and Latin America. Studies on constraints of agribusiness in Africa (World Bank, 2012; FAO. 2013c), identify unreliable policies (Brenton 2012), communal land rights and access, difficulties to access technologies, information, skills and finances (World Bank, 2007a). Because these key constraints the performance of agribusiness in African countries is still low. Roseneau (2000) and Spackman (2002) attribute these challenges to the lack of consensus on whether PPP are good or bad for both the public and private sector. However, a few Africa countries such as Kenya, Côte d'Ivoire, Cameroon, Ethiopia, Ghana, Malawi, and Zambia are marking a mile stone in agribusiness and are performing well in horticulture, tea, and rice (FAO, 2013c; World Bank, 2013). Despite the above challenges, the question of sustainability of agribusiness public-private partnership in both Asia and Africa has also raised concern. FAO (2013b/c) identified Kenya as one of the countries which have had successful and sustainable agribusiness PPP initiatives. Thus, the study seeks to examine the contribution of PPP agribusiness in Kenya.

1.1 Statement of the Problem

In 1980, there was a policy shift from the traditional policy making which was guided by agricultural officers and administrators such as Brown, Golding, Benson, Loyd, Webster and Swynnerton (Thurston, 1987) to institutional policy making. This saw the agricultural sector decline due to low investment, mismanagement in institutions and agricultural extension and research. The government intervened through the Structural Adjustment Programmes (SAPs) that advocated for privatization in the sector (GoK, 2010a). However, this did not change the sector until the launch of the Economic Recovery Strategy for Wealth and Employment Creation (ERS, 2004). The fruit processing enterprises became one of the sectors that were activated through this initiative. The sector saw the emergence of various enterprises ranging from private individuals, farmers' groups to companies involved in various forms of public-private partnerships at various levels and extensive participation from respective partners.

In addition, the Strategy for Revitalizing Agriculture (SRA) intensified collaboration of the public and private sectors. It advocated for a paradigm change in management of agricultural sector from the ministerial culture to emphasize public-private partnership that facilitated competition, enhance markets, and raise efficiency in resource utilization and improve profitability of agricultural enterprises. This approach also strengthened the legal and institutional framework as a way to enhance resource allocation and access to farm inputs (MoA & MoLFD, 2004). The horticulture industry export production of fruit and vegetables grew by approximately 60% and saw an increase of small and medium size producers (FAO, 2011). It also supported public-private partnership (PPP) financial framework to open new financial opportunities for both small scale farmers and commercial processing companies. However, there was a considerably decline in smallholder's production of 30% since the implementation of private standards in the fruit and vegetable industry and the 2008 political turbulence (Graffham, Karehu, and Macgregor2007; EUREPGAP 2005a/b; Humphrey, 2008).

In response to these challenges, the Agricultural Sector Development Strategy (ASDS) was developed to address the lack of value addition, low productivity, poor market access, marketing inefficiency and poor land use. In addition, the public-private partnership Act, 2013 was adopted to enhance an enabling environment for private investment. The policy governs PPP practices, but a recent study by MoALF (2015) revealed poor sector coordination had resulted in reduced investments in the agriculture sector both at national level and in the counties. This was also attributed to the attitude of the actors or stakeholder in a PPP which influenced the quality of output. The interaction of partners within a project plays a key factor in project management. Therefore, the study examined the factors that facilitated effective coordination throughout the project life cycle for fruit processing enterprises to be considered successful. The fruit processing enterprises has fully exploited the advantages of robust legal framework guide to partnerships to achieve an upward growth of attracting new actors or players, value addition, product diversification and high-value export markets. It has also benefited small scale farmers to become well organized and equipped with advanced cooling and storage facilities. Thus the study seeks to investigate how PPP in agribusiness contribute to the improvement of fruit processing enterprises.

1.2 Research Questions

The study is guided by the following research questions:

i. To what extent does the nature of public-private partnership (PPP) influence the agribusiness?
ii. To what extent do public-private partnership (PPP) policies affected the sustainability of agribusiness?
iii. What are some of the challenges that affect public-private partnership (PPP) in the agribusiness?

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study is to examine the extent to which public-private partnership (PPP) has contributed to the improvement of agribusiness in Kenya.

1.3.2 Specific Objectives

The specific objectives of the study are:

i. To explore how the nature of public-private partnership (PPP) has influenced the agribusiness.
ii. To examine how the public-private partnership (PPP) policies have affected the sustainability of agribusiness.
iii. To identify the challenges affecting public-private partnership (PPP) in the agribusiness.

1.4 Significance of the Study

1.4.1 Academic

Academically the study is significant as it intends to contribute to the literature on success and sustainability of PPP agribusiness. The study thus recognizes some of the work done on sustainability of agribusiness enterprises in Kenya for instance Mbugua E. (2015), Warner, M and Kahan, D (2008), World Bank (1990), Sommer, R and Rogers, C (2005), and Mwangi, E., Gichini, G. & Guchu, S. (2009). These studies have been on technological innovation, resources, value addition, and poverty eradication among small scale farmers. Despite the above studies none has addressed the issue of PPP contribution to agribusiness thus the study attempts to add knowledge to the existing ones on PPP arrangements.

The study is significant to governmental and non-governmental organizations engaged in agribusiness in Kenya and East Africa. The study chose fruit processing enterprises because it has been rated continuously since 2008/12 as the highest income generating agribusiness project in Kenya (MoA, 2012). Therefore, the study informs both national and county governments on the importance of PPP in agriculture especially for seasonal products.

1.4.2 Policy

The study is useful in policy formulation of Public-Private Partnership arrangements especially when the national agricultural policy has been under numerous changes. The study is also informative to other policies such as Kenya youth agribusiness strategy and National Agribusiness Strategy in identified weakness.

The study is also informative to Kenya's Public-Private Partnership Act, 2013 which is silent on unsolicited PPP proposal or privately initiated investment proposal which is permitted in certain circumstances. The study examines the unexpected practice of grass-roots extension services initiative and how it contributes to success and sustainability of PPP agribusiness.

The study chose the fruit processing enterprises because of its uniqueness in nature. Unlike other produce, fruits are seasonal therefore it is interested to see how PPP are performing in fruit processing agribusiness. Therefore, the study informs small scale farmers that PPP can transform the agricultural process no matter how short-term harvest period is for the produce.

1.5 Scope and Limitations of the Study

The study is limited by the scope as it focuses on the contribution of PPP to agribusiness in Kenya especially on Fruit Processing enterprises when ideally it should cover more areas. The study covers PPP between 2013-2019 when the Public-Private Partnership Act (2013) was enacted. The study will focus on Kevian Limited and Premier Foods Industries Ltd (PFIL) which are among the major fruit processing enterprises in Kenya.

The study is limited by geographical location of various commercial processing companies. It therefore selected fruit processing enterprises in Nairobi County. It is not possible due to logistic and financial availability for the researcher.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter presents relevant literature review on PPP as a concept, nature of PPP in agribusiness, PPP policies in agribusiness, and Challenges of PPP in agribusiness. The study also reviewed theoretical frameworks used by scholars in such studies and knowledge gaps identified were filled by the study.

2.1 Conceptualization of Public-Private Partnership (PPP)

Callan and Davies (2013) argue that there is no singular meaning of public-private partnership (PPP) hence no universally agreed definition of PPPs. Hodge and Greve (2007) recommend the need to review the different definitions given to PPP especially with the wide literature that exist. Some scholars consider PPP as a governance tool that provides competitive tendering unlike the traditional contracting, while other view PPP as a new linguistic phase of public management that describes participation of private entities in provision of public goods and services (Linder, 1999). Still others consider it as a strategy for managing large infrastructural investments that the government would otherwise not be able to undertake.

Hodge and Greve (2007) the emergence of discourse among researchers is whether Public-Private Partnerships is a governance tool or a "language game" where in the discipline of public management (Teisman and Klijn, 2001; 2002; Hodge and Greve, 2007). As a language game authors look at PPP as an organization with financial arrangements while for those who view the partnerships as governance tool relate to two dimensions which are the financial arrangements and inter-organizational relations (Osborne, 2000; Hodge and Greve 2007). The alternative view PPP as language game and use the term contracting and public–private partnership synonymously. Linder (2000a) agrees to this multiple grammar of PPP by governments who avoid the use of the term privatization or contracting out and prefer to use partnerships.

Rosenau and Linder (2000b) posit that the importance of a partnership is shared responsibility and financial risk unlike privatization. Grimsey/Lewis (2005b) also differentiates traditional public procurement with PPP, where the private sector solemnly provides capital in a long term infrastructural development. Savas (2000) describes PPP to be arrangement where private entity finances and operates a government infrastructure under a long time contract. Grimsey& Lewis

(2005a), PPP are arrangements between public and private enter into an agreement to participate and provide support in deliver public infrastructure-based services.

World Bank (2003), describes a PPP as an arrangement with clear agreed and shared objectives between a public and private sector to provide a service or good which is a responsibility that falls under the public sector. OECD (2008) defines PPP to be a long term arrangement between government and private sector to deliver government objectives but guided by the principle for value for money by the private sector. Van Ham & Koppenjan (2001) define PPP to be joint durable cooperation between public and private actors with shared risks, costs and resources to develop products and services. The study adopts Van Ham & Koppenjan definition of PPP as an organizational and financial arrangement to conceptualize PPP and its contribution to agribusiness.

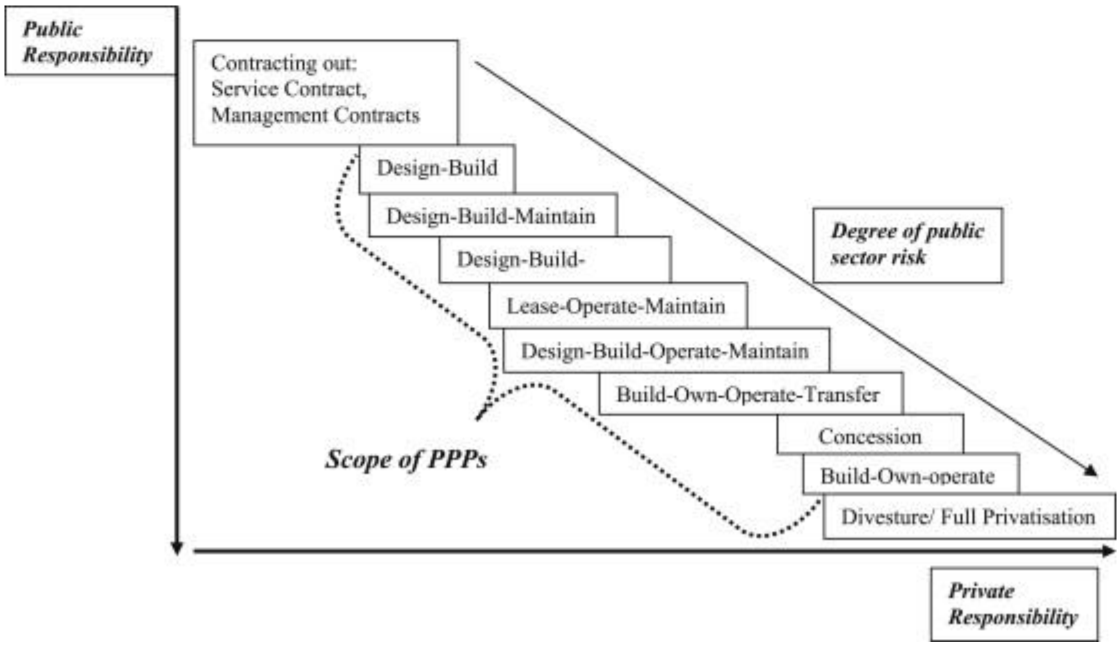
2.2 Nature of PPP in Agribusiness

Public-Private Partnerships (PPPs) are of various types as they reflect reasons, needs and market segments in the market. Although they vary, Hodge and Greve (2007) consider institutionalization between public and private stakeholders and contractual PPPs as the two main categories while Public leverage, contracting out, franchising, joint ventures, and strategic partnering are some of the five types of PPP identified (Skelcher2005). Grimsey and Lewis (2005) posit the absence of a clear definition is attributed to the fact that PPP act as a bridge between traditionally procurement and privatization. Therefore, PPP may be service contracts, management contracts, concession and joint ventures between the public and private sectors.

Van Ham and Koppenjan (2001) emphasizes on three important elements include cooperation of durability (long-term), risk sharing, and joint mutual benefits. Weihe (2005) interpretation of PPPs as financial and organizational arrangements identifies at least five types which include joint ventures, long-term infrastructure contracts, public-policy networks, social inclusive community development and urban-rural economic development.

In practice, PPPs variations depend on the degree of ownership of assets, capital and risk between the public and private sector actors (Roehrich, et al. 2014). Figure 1.6.3 below show variations of PPPs.

Figure 1.2: Nature of PPP Depending on Responsibilities



Source: Roehrich et al., 2013

Uba (2016) identifies various characteristics that determine the form of PPP to include the specific goals set, risk allocation, investment levels and period of contract among public and private sectors. World Bank (2013), suggest that PPP models range from simple to complex arrangements like service and management contracts, concession and divestiture.

Roehrich and Caldwell (2012) developing countries use service contract as one of the most general form of PPP. The duration of public sector hiring a private entity to undertake responsibilities ranges from 1-3 years, where public sector retains ownership of the infrastructure while it contracts out some of the operations to the private sector. The private entity is expected to maintain public sector standards and perform the responsibilities at the agreed costs. The public sector therefore pays the private entity a preset fee for the services rendered depending on the agreed unit cost.

World Bank (2013) management contracts on the other hand are more detailed to include a few or all management and operation of public sector responsibilities in the infrastructure service. The public sector retains ownership of the infrastructure but daily operations, management and authority is delegated to the private entity. In such situations private entity provides capital but does not finance the investment. The public sector pays a pre-agreed fee for labour and costs of operations for the infrastructure service. The private sector is motivated through incentives to achieve set targets and improve performance. On the other hand, a private partner might decide to be paid from the profits gained from the infrastructure service. Moreover, the public sector still remains responsible in providing capital especially when the infrastructure services require expansion and improvement.

Zheng, Roehrich, and Lewis (2008) recognize lease to be a form of PPP contract that the private sector becomes entirely responsible for infrastructure service and quality and service standards while the public sectors retains the responsibility to expand or replacements of the infrastructure services. This is usually a long term contract of 10 years and above where the private sectors bear the responsibilities of financing the infrastructure and bears all the risk involved. The private sector bears all the operational and maintenance costs and is becomes fully responsible for service delivery of the infrastructure. Thus the private sectors under contractual agreement gives lease payments to the public sector while it bears full responsibility of the losses and unpaid debts of the infrastructure services.

World Bank (2013) considers a concession to be a PPP where the private sectors if given full responsibilities for infrastructure service delivery in a specific location. These full responsibilities include operation, maintenance, collection, management, construction and rehabilitation of the system of that specific infrastructure service. Equally, the private sector also provides the capital investment and responsible for the assets but the public sector retains ownership of the assets during the concession period. In a concession the public sector becomes a regulator to ensure performance standards, quality and price control are met by the concessionaire. This is a long term contract of 25-30 years that provides an appropriate time to recover capital and earn returns on investment during the concession period. Sometimes public sector might chip in on the capital investment if required through investment subsidy so as commercial viability may be achieved in the concession. World Bank (2013) acknowledges that the use of concession is viable for infrastructure investments such as construction, rehabilitation and exploitation.

Zheng, Roehrich, and Lewis (2008) identify Build-Operate-Transfer (BOT) as another form of PPP. This is also referred to as Build-Own-Operate (BOO) or Build-Own-Operate-Transfer

(BOOT) or Design-Building-Finance-Operate (DBFO). This is a PPP contract that is mostly used for new projects or infrastructure developments that require extensive reconstruction. The responsibility of the private sector is mainly to design, construct and operate the facility for duration of 15-30 years where by all rights and title to the assets is transferable to the government. The private sector indefinitely retains the assets under a build-operate-own (BOO) contract while the government pays the BOT partner a reasonable return considering the construction and operating costs of the contract cycle.

World Bank (2013) divestiture is another form of PPP contract which is also referred to as privatization. This is a PPP contract where by the public sector transfers all or substantially all the interests in utility asset to the private sector. The only distinguishing element between a divested or privatized utility and public services to a private commercial enterprise is that the government holds some indirect control over the privatized utility in the form of a license granted to the entity to deliver the service to the public.

Poulton and Macartney (2012) refer to PPPs in agriculture as ‘agri-PPPs’ and still find contention in defining agri-PPP as they differ in scale, aim, actors involved, and structural arrangements. There has been an increased interest in agri-PPPs especially in promotion of public-private engagement, PPP policies, laws and national development strategies (Spielman et al., 2010; FAO, 2013a; IFAD, 2012). Despite the recent recognition to PPP contribution to agribusiness improvement there is still low involvement and participation in the initiative. This is also creating a new field of inquiry among scholars to explore this phenomenon of agri-PPPs (Drayton, 2010).

ESA (2016) market and policy failure can be resolved with the help of PPPs. Smallholder farmers, processors and marketers can highly benefit from agri-PPPs which transform, innovate and modernize the agribusiness in general. FAO, (2016a) recognizes that agri-PPPs have the potential to minimize commercial risks for the private sector through financial incentives that reduce transaction costs and give them exclusive purchase rights for farm produce. In developing countries, PPPs have been used to harness technology, resources, skills, expertise and market access to improve smallholders’ income and livelihoods. FAO (2016a) views agri-PPPs as strategies used to redesign agribusiness support services and incentives to provide farmers and firms’ opportunities to leverage financial institutions for credit access. Agri-PPPs increase access of extension and research services and provide competitiveness, innovation and training funds for farmers and private commercial firms to increase their market access. Agri-PPPs also present opportunities where shared skills and assets between public and private are used to service delivery to the general public. UNDP (2015) PPPs in agribusiness and agro-industries are enhancing farmers' livelihoods and increasing trade through adequate planning, funding and maintenance of infrastructure services that drive economic growth.

Oram and Wijeratna, (2014) developing countries are using agri-PPPs strategies to transform agricultural growth and livelihoods in many rural areas. PPPs are opportunity for actors with common objectives and willing to share risks to address a market failure or public policy. Delmon (2010) PPPs are institution strategies used to increase financial access, shared risks, and address challenges of agricultural development. It also advocated for social, environmental sustainability and the commercial viability in agricultural production. Uba (2016) consider PPPs a solution to underdevelopment due to low investment, inadequate government budget allocations and poor service delivery by state enterprises and agencies. They provide dynamic approach for infrastructure service delivery that equitably manages risks (Afolabi, 2011).

World Economic Forum (2013) PPPs in agribusiness are becoming a more acceptable strategy in modernizing agricultural sector as it focuses on sustainable and inclusive agricultural development. In doing so, the global challenges of food insecurity have been able to be addressed by various PPP agribusiness initiatives in most developing countries. The nature of the agricultural sector presents diverse challenges with a high risk profile due to the seasonality issue, natural disasters, and climate changes among others. Thus, ESA (2016) recommends that the government needs to attract private sector by providing subsidies, incentives and other initiatives that make agriculture projects more commercially viable. A collaborative technological and innovative approach between public and private sectors are required to make agricultural projects economically and financially viable. PPPs are also a platform for state agencies and government to transfer skills and knowledge from increased private participation that eventually leads to increased competencies at the end of the joint ventures. PPPs also provide a platform for governments to conduct projects of seed technologies that attract private sector investment to fund the research institutions and develop market channels to market them. The reduction of government investment in public agricultural extension services has given a chance to private companies to invest more in agribusiness as it has become more commercially viable (Ayyappan et al., 2010).

FAO (2016) appraisals of PPPs identified four types of agri-PPPs projects. These PPPs were classified according to their aims of value chains (VCD), innovation and technology transfer (ITT), market infrastructure (MI) and business development services (BDS). These projects are considered to have been a success. This study is therefore distinct as it tries to examine how the nature of PPP in agribusiness has led to this success. The study intends to interrogate the nature of PPPs in agribusiness from Roehrich, et al. 2014 lens of the scope of responsibilities of partners. This is guided by looking into the scale of responsibilities, aim, actors involved, and structural arrangements to identify the nature of PPP in agribusiness.

2.3 PPP Policies in Agribusiness

The debate on definition of PPP does not only differ from the different institutions promoting PPPs but also governments which use their own definitions in policies and laws. Pongsiri (2002) identifies a legal regulatory framework as an important enabler to private sector. It also increases benefits to both partners as it provides a guiding principle to allocation of responsibilities for effective and efficient operationalization of the partnership (Zouggari, 2003). Baker (2003) argues a legal framework facilitates decision making in PPPs which would be a protracted legal tarsal between the public and private sector. The willingness of a private sector to participate in an infrastructural service delivery is mostly predetermined by the legal environment provided to PPPs.

Cuttaree and Mandri-Perrott (2010) highlight the need for a clear, broad, and flexible legal environment in ensuring successful PPP projects. A proper legal framework supported by clear contractual laws that provide specific allocation of responsibilities for preparing, bidding, and approving projects attracts long term investments by the private sector. Pongsiri (2002) private sector collaboration in a PPP may be facilitated by a well-established transparent and sound regulatory framework. A regulatory system needs to provide value for money (VFM), appropriate risk allocation, resolves commercial disputes, secure expropriation from government and attracts private investors. Giuffrida (2007) agrees that a favourable legal framework gives private investors guarantee of ownership rights which would have been conflictual due to diverse interest of each partner.

Li et al. (2005b) private sector participation in PPP is more effective when the legal framework is adequately defined to avoid unnecessary legal restrictions that might poses a challenge to project implementation. The implementation of PPP project can guarantee the legal status through a clear risk allocation framework. The introduction of a rigorous legal framework by governments before the commencement of a PPP projects helps build the confidence and good will that attracts investors (Li et al., 2005b). It shows government's seriousness and political good will in implementing PPPs thus giving reassurance and commitment to long term infrastructure service delivery. Hang (2005) and Li et al. (2005a) identify an adequate enabling legal and regulatory system as a critical success factor to public-private collaboration in service delivery. As partners in PPP have different interest with private trying to make profits and public trying to provide a public good and service there is bound to be disputes which might delay services delivery. Institute of Public-Private Partnerships (2000), functional legal and regulatory framework will reduce the chances of conflicting interest of partners, provide confidence and cushion the partnership form political interferences.

International Monetary Fund (IMF, 2004) legal framework should be supplemented by clear, credible, efficient dispute resolution mechanisms and non-discriminatory taxation and regulation regimes. For PPPs to effectively utilize the resources availed there is need for a sound regulatory framework that aligns policy objectives to partners' interest for maximum benefit actualization. Kumaraswamy and Zhang (2001) PPP implementation process are also prone to corruption and misappropriation finances and risk which can be avoided by having a comprehensive legal and regulatory framework that gives clear, transparent, predictable effective and fair bidding procedures (Harris 2003).

Oram and Wijeratna (2014) acknowledge that PPP frameworks are joint initiatives designed to enhance a better business environment for agribusiness to improve production, markets and income among smallholders' producers. McConnell (2010a/b) notes that success or failure of a policy can reside in three spheres which are process, programmes, and politics. To him, governments define issues then identify a variety of policy instruments that initiate activities to resolve the issue. Indeed, PPP arrangements provide a viable solution in finance, efficient and effective management of public goods and services to fulfill government responsibilities (Oze, 2014; URT/PMO, 2009).

PPP laws provide the guiding framework for competitive public procurement for successful partnership in host countries (OECD/CABRI (2014). Some developing African countries with PPPs Regulatory frameworks and policies in extracted from PPP Knowledge Lab (2016) are Uganda (PPP Act 2015; PPPFP, 2010), Tanzania (URT/PMO, 2009), Ghana (NPPP, 2011), Malawi (GoM, 2011), Nigeria (ICRC 2005; PPP Act 2009) and Kenya (PPP Act 2013). Aside from the policy framework, a legal framework is also needed to ensure that long-term PPP contracts are effective and enforceable. Moreover, legal framework need to be put in place to provide the necessary technical, safety, and economic safeguards in the enforcement of a PPP contract. However, the public sector can choose to undertake regulation through the PPP contract itself or through an independent regulator for a given sector (PPP Knowledge Lab, 2016).

According to Benchmarking PPP Procurements (2017), Kenya and Vietnam were identified as the only two countries that encourage unsolicited PPP proposals. In Kenya's PPP law (2013), this is permitted in certain circumstances where a competitive process is not required. This includes a situation where only one bidder responds to a tender hence attracting the attention of the regulator (Benchmarking PPP Procurements, 2017). Hodges and Dellacha (2007) competitive advantage for private investors is the norm however unsolicited proposals are sometimes opted by government. The lack of transparency and competing proposals creates contention in unsolicited proposals as the government negotiates project rights with the initiator. Kenya having a robust PPP framework which is also silent on unsolicited proposals the study identifies areas of public-private partnership Act (2013) that need to be addressed in regards to its influence on PPP in agribusiness.

2.4 Challenges of PPP in Agribusiness

Adebanjo & Mann (2000) the idea of public-private partnership has enormous advantages and is on the increase. However, Jamali (2004) identifies the political good will, unreliable policies, inadequate finance, weak legal framework, corruption and insecurity are the leading reasons why PPP Projects do not succeed in many developed and developing countries. Deininger (2003) agrees that unreliable policies especially on land tenure system and property rights affect economic growth in Sub-Saharan Africa. Households and individuals cannot secure property rights thus restricting farmers' access to credit necessary for improved land practices. Cheng and Wang (2009) acknowledge the existence of corruption in PPP especially in the stages of the project which include the decision stage, tender stage and during contract execution which benefit a contractor at the expense of final users. Corruption increases project costs, delays implementation and leads to changes in project scope, budget overruns during implementation, erosion of profits and confidence among the investors. Beh (2010) agrees that corruption remains one of the key problems experienced by PPPs, especially when institutions that play a regulatory role, general government institution are also involved with the final approval authority. Thus, the bureaucratic process also further fuels corruption, calling for the need for stronger anti-corruption institutions and Parliaments to play a strong oversight role.

The United Nations Economic and Social Council (2002) identified the need for an authoritative, central government commitment as one of the main ingredients of successful PPP programmes. Krueger, Schiff and Valdés (1991) identify taxation of the agricultural sector as lack of government commitment despite it having been reduced in most developing countries (Anderson, 2009). Moreover, budgetary allocation for agriculture is still low in most African countries despite it been a clear indicator of political will (AGRA, 2017). United Nations Economic and Social Council (2002) report states that the creation of PPP units is the best manifestation of this commitment. The PPP units promote PPP projects, give guidance, act as a focal point for prospective bidders and give their expertise on PPPs. They also provide a platform for public sector for knowledge management required to resolve arising complexities of PPP process. Ong'olo (2006) recognizes the importance of PPP units in effective public administration by government to oversee PPP process. Cuttaree and Mandri-Perrott (2010) also recommend establishing specialist institutions or agencies to support the PPPs. Since PPP projects are complex there is need to increase government capacity to maintain quality control, coordination, checks, and balances, and technical support to line committees and public entities.

Anoop (2009) PPP provide short term solutions of delivering basic essentials to needy public especially in collapsed stated and conflict prone stated that threaten peace and security. UNECA (2005), PPP is also affected by the political and socio economic environment. If there is rampant insecurity, then investors are either not able to complete projects that have been started or they are not even able to start the projects. The private sector does not participate in public projects if there is political instability or government is not stable. This is because it leads to stalled projects if the environment for conducting businesses is not conducive for any investor. Post-conflict reconstruction states receive less donor support and a strong private sector provides a better solution to public service delivery as emerging economies have more commercial viability (UNECA, 2005).

Balloch and Taylor (2001) consider a PPP as a complex and time-consuming process where information sharing and coordination is problematic between partners. Hence good governance structures are required for effective and efficient management of projects. Ong'olo (2006) elaborates that good governance in PPP can be seen through accountable systems, transparent management, sustainable development and dispute resolution. Kwak (2002) the failure of success of PPP projects critically depends on the government involvement in development and management. The government needs to show commitment and give technical support to handle governance issues that resolve the procedural complexities and pitfalls of PPPs. In doing so, the private sector is able to rip maximum benefits as good governance manages the monopolistic tendencies of concessions. Cesar & Ada (2008) identify good governance with competitive bidding, sharing of information and specification of a regulatory entity to oversee contractual agreements.

Kwak, Chih and Ibbs (2009) recognize the relevance of government involvement in PPP project cycle especially in concessions where the private partner is solemnly responsible for implementation. The government needs to be actively involved to ensure quality and objectives of the PPP project are achieved. Kelley, Haskins & Reiter (1998) suggest the formation of an inter-organizational team to manage and assess the progress, improvements, quality control and share information to effective and efficient team coordination.

Iossa et al., (2007) considers PPP to be as problematic as PPP procurements thus governance problems associated with PPP procurement are also likely to be experienced by PPP. These governance problems include transparency and widespread disclosure of contractual terms. Spackman (2002) considers accountability as another challenge that has been associated with partnerships. According to UNECE (2008), accountability entails the principles of transparency, clear responsibilities, shared information and well organized structures (Commission on PPPs 2001). In such a case the public represents the interest of the people hence when a joint activity is entered with the private sector these principles are challenged.

In addition, clarity and output specification in PPP infrastructure contract is crucial. There is need to set expected outcomes and evaluation measures that will be used to determine success or failure of PPP projects to avoid disputes. Williamson (1976) captures this clearly when he stipulated that the effectiveness of partnership bid depends on the ability of the public partner to characterize the service he wants to put to tender then select the right private partner that can meet the needs identified for the partnership. Corbett and Smith (2006), Jefferies (2006) and Zhang (2005) agree that a clear and transparent procurement process lowers the transaction costs and reduces the time for negotiations and completing the deal.

Zhang (2005) and Li et al. (2005a) argue that value for money (VFM) in PPP possess a greater challenge to the collaboration among partners. Moralos and Amekudzi (2008) identify VFM as one of the tools used by public managers to ascertain whether a project is worth to undertake via PPP and not the traditional procurement. VFM presents a simple method to estimate the costs, benefits and risks that are involved in PPP project hence public agencies can determine whether the traditional procurement or PPP will be the best option to carry out the project. It also ensures that public agencies maintain the quality and standards of the infrastructure service at the lowest bidder.

Sarmento (2010) agrees that the purpose of PPP projects is to provide better or greater value for money (VFM) than pure public sector projects approach. The principle behind of VFM is that PPP projects can provide the same quality of service delivery to that provided by the public sector but at a lower cost in general. Fitzgerald (2004) recommends the transfer of risk, innovativeness, maximum asset utilization and holistic integral management process to effectively achieve VFM. It is only in doing so does private sector involvement in public projects become justifiable and PPPs proof to be economically beneficial to traditional public provision.

Rosenau (2000) views conflicts of interest as problematic especially when actors have different priorities with private aiming for highest profit while public is concerned about public interest. Therefore, these conflicts of interest between partners need to be aligned and guided by public value. Hagen (2002) identifies compatibility, capability, commitment, and control as critical success factors in resolving conflict of interest among partners. To him, partners should complement each other’s strengths and weaknesses.

Dudkin/Välilä (2005) view partnerships as a strategy of allocating risk to the suitable actor who can manage the costs. However, partners try to avoid risks as PPP are set to provide public goods and services which are not measureable despite been long term. Välilä (2005) recommends that PPP projects to be quantified in terms of its magnitude, timing, and probability of occurrence so as to allow pricing the risk. Kwak et al. (2009) argues that PPPs are characterized by high level of risks arising from the long duration of concession and participant's diversity in the partnership. Berkeley et al. (1991) recommends risk identification as the first stage of PPP management. The appropriate allocation of risks can only be done when participants evaluate their capability and capacity to the identified risks of the project. It will then be agreed upon parties based on their financial, technical and capacity to willing accept the risks they can handle within the project.

Li et al. (2005c), Hammami et al. (2006), and Nisar (2007) identify the equitable transfer risks as a challenge to most PPP. Ng and Loosemore (2006) achieving the best risk distribution requires well established rules that emphasize awareness of the risks, expertise and authoritative capacity to effective and efficient manage the risk, resources, capability and opportunity to fairly appropriate premium charge for taking on the risk. Kwak et al. (2009) categorized potential risks associated with PPP to include political interference, construction, operation and maintenance, legal, market, and financial risks. Charoenpornpattana and Minato (1999) suggest the adoption of risk allocation strategies that assign political, financial and legal risk factors to government and those related to operations to be shared by the public and private or incurred by the private sector. This is what they referred to as the demand and supply risk allocation strategy.

Li et al. (2005b) posits that PPP procurement requires public participation. The lack of public participation or social support might hinder the development of a PPP project. To prevent backlash, the PPP environment should be supported by the citizens who need to understand the necessity of the PPP arrangement. Through public participation the transition of PPP procurement and development process can be effortlessly especially in the initial stages where land acquisition is a requirement. It can quail public opposition that can lead to the premature collapse of a project. Failing to survey and assess the public's willingness or ability to pay can doom a PPP project even if otherwise justified. This lack of social support can lead to public dissatisfaction, and even violent protests.

Cuttaree and Mandri-Perrott (2010) the complexity of PPP raises misconceptions and mistrust from the public especially on asset ownership and private investment motives. Therefore, there is need to develop a public communication strategy that promotes public awareness of the project. The use of various media channels of communication can be used to disclose PPP arrangements, bidder selection, and decision making process and improve the communication with the public to build confidence and acceptance for public's willingness to pay for the infrastructure service. The government also needs to hold public seminars to address false preconceived notions about PPP benefits and risks that might have been generated by the PPP project as well as share government objectives.

The above challenges to a great extent affect public-private investments as they present risks that no private investor would want to interact with given the principle of value for money (VFM). However, both local and foreign private investors have not been deterred from public-private investments which have been on the increase especially in agribusiness. The study therefore attempts to identify whether these challenges also affect PPP in agribusiness.

2.5 Theoretical Framework

2.5.1 Introduction

This section presents the theories in understanding of how public-private partnerships (PPP) contribute the improvement of agribusiness. The study uses the institutional theory to explore how the nature of PPP and PPP policies affect PPP in agribusiness. The study also uses institutional change to complement institutional theory especially in the aspect of where the PPP has had to adjust itself to accommodate emerging issues in the partnership.

2.5.2 Institutionalism

Greenwood et al., (2008) suggest that institutionalism as complex thus divided in two schools, the old and new. The old institutionalism focused on the individual while the new has focused on notion of the ‘actor’ which includes individual, states and the organizations. Powell in Cooper and Agyris (1998) suggest institutional theory in organizational analysis. Powell & DiMaggio, (1991) argue that institutions shape individual action, preferences and influence society. Hall & Taylor (1996) posit that institutions provide a collective reasoning environment that shapes the interpretation of human behavior. According to Peters (2012), institutions are organizational structures that provide shared values, influence individual behavior and are consistent their activities.

Schmidt (2010) identifies four institutional approaches include the rational choice, historical, sociological and discursive institutionalism. This study mostly relies on rational choice institutionalism to understand the nature of PPP in agribusiness which assumes that the individual seeks to maximize one's utility rather than following the norms and rules on an institution. Peters (2012) argues that actions and behaviour made in a situation is based on what is best for maximizing utility and is the primary motivation of joining institutions. Therefore, partners, actors and small scale farmers will opt to join partnerships that are more beneficial and less risk involving.

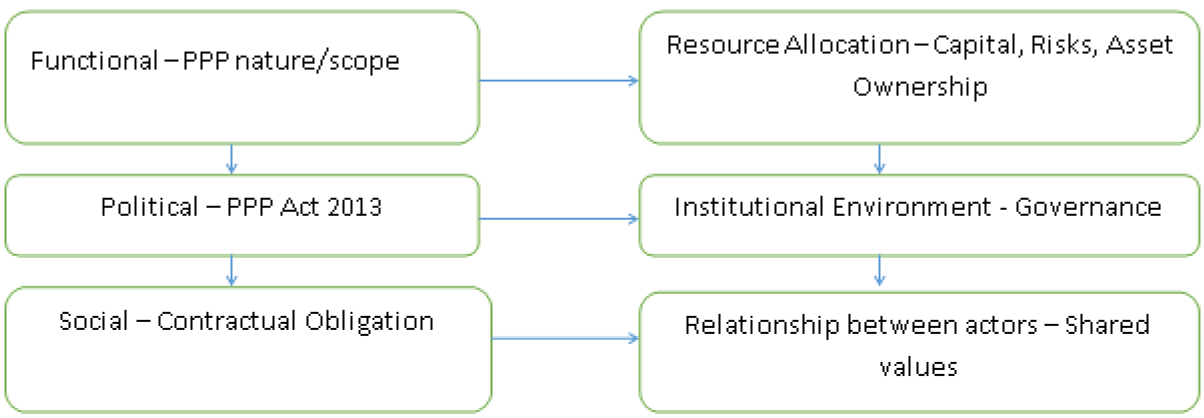
The study also adopts Williamson (2000) analysis of institutions in any society. Williamson (2000) identifies four levels include social and cultural values, institutional environment, governance and resource allocation. This study uses Williamson (2000) articulation of the four levels of an institution as guide to explore the contribution of PPP in fruit processing agribusiness. This study examines how small scale farmers come together and organize themselves to form farmers' groups to achieve a common goal. The study also investigates how the nature of PPP as an institutional framework facilitates the participation of various actors. The study looks at institutional environment as a key aspect on the partnership as it provides the legal and regulatory framework for actors to interact. The study also looks into the kind of governance that encourages collaboration among partners and resource allocation that appeal to partners for profitable collaboration.

In complementary to Williamson (2000) analysis of the institution the study tries to investigate the factors that make institutions change to accommodate emerging challenges and opportunities. Scott (2001) refers to the weakening of institution structures and disappearing values as deinstitutionalization and this sets in motion change within the institution. The challenge of old beliefs and practices by new set beliefs and practices is what results to institutional evolution also called institutional change. Powell and DiMaggio (1991) posit that institutions evolve out of specific events or cultural situation unlike North (1990) who views institutions as consciously human designs to meet their needs.

DiMaggio and Powell (1991) identify three major sources of pressure that enhance legitimacy for institutional change. These pressures include the functional, political, and social sources. First, function pressure is related to organizational performance in response to market competition. Second, political pressure which is related to legal and institutional support for the organization and thirdly, social pressure includes the emergence of new actors that shape the beliefs and practices within the organization (Oliver, 1992; Scott, 2001). The study also examines how these three sources of pressure play a key aspect of legitimacy in the partnership where there is increase trust among partners.

Figure 2.1: Theoretical Framework

Contribution of PPP **Agribusiness (Fruit Processing Enterprises)**



In order to assess the contribution of PPP to fruit processing the study used DiMaggio and Powell three major sources of pressure to that enhance success of the project. The function pressure was used to assess how the nature of the PPP influences the success of PPP fruit processing enterprises. The functional pressure looked into the organizational performance of PPP which included capital, risks, assets ownership and structural arrangement. The study used political pressure to assess how the legal and institutional support of PPP leads to the success of PPP fruit processing enterprises. The social pressure was used to assess how the emergence of new actors and relationship between actors within PPP fruit processing enterprises led to success.

2.6 Research Hypotheses

The study is guided by the following hypotheses:

i. The greater the private share in the public-private partnership the greater the success of agribusiness.
ii. Unsolicited public-private partnership initiatives have greater success in agribusiness.
iii. The failure to keep contractual obligations inhibits the capacity of public-private partnerships to exploit their full potential in the agribusiness sector.

2.7 Conceptualization and Operationalization of Terms

For the purposes of this study the following terms are conceptualized and operationalized as follows:

2.7.1 Agribusiness

It refers to the efficient way in exchanging of agricultural products with an aim of making maximum profit at low cost.

2.7.2 Contribution of Public-Private Partnerships

It describes the functional, political and social roles shared by the public and private in production of an agreed product and services.

2.7.3 Public-Private Partnerships

Public-Private Partnerships is a combined effort of the public and private sectors to develop or provide a service or goods.

2.7.4 Fruit Processing Enterprises

This is an organization that engages in activities that prepare fruits and vegetables for human consumption. These are also referred to as commercial processing companies.

2.7.5 Unsolicited Initiative

It is a situation where by a private-sector entity reaches out to the government with a proposal to develop a product or service.

2.8 Fruit Processing Enterprises

The study chose two fruit processing enterprises, which are Kevian Ltd and Premier Food Industries Ltd (PFIL). These are some of the large processors in fruit processing especially mangoes. These companies purchase mangoes from small scale farmers and middlemen or brokers.

2.8.1 Kevian Limited

Kevian industries are one of the leading suppliers both in Kenya and East Africa. Kevian is one of the most technically advanced operations with the plant running two lines simultaneously in Thika and Ngong. These include one running 20,000 tetra packs per hour and the other 24,000 PET retail bottles per hour of which the pet bottles are blown on-site. Richard Rugendo is the founder and current manager of the operation. The factory employs over 300 workers and another 3,600 farmer groups. Kevian produces over 6,000mt of mango puree per year through a completely automated operation.

2.8.2 Premier Food Industries Ltd (PFIL)

PFIL is a member of Industrial Promotion Services (K) Ltd group of companies. The fruit processing company is one of the largest companies since 1935. The company has a farming program that supports small scale farmers by providing agricultural extension services for farm inputs thus reducing poverty through employment creation. The company is located in Baba Ndogo, Nairobi County but has various collection centers in different counties such as Muranga, Mombasa, Machakos and Makueni. The company has maintained high standards in the processing industry (PEPTANG, 2016).

CHAPTER THREE: METHODOLOGY

3.0 Introduction

This section presents the methodology of the study. It consists of the research design, research methodology, research methods, target population, sampling techniques, data collection and analysis procedure, validity and reliability, ethical issues and research considerations.

3.1 Research Methodology

The study uses qualitative research methods as it gives an opportunity for response without limitation to the scope of the research. The study also chose a qualitative approach because it relies on respondents' opinions of a wider population for generalization.

3.2 Research Design

The study uses longitudinal surveys design as it seeks to describe events and attitudes of respondents on the contribution of public-private partnership (PPP) on agribusiness. This study also chose this design as it seeks to demonstrate a causal relationship of variables. The study is based on a time frame between 2003/2019 to identify changes in the fruit processing agribusiness.

3.3 Research Methods

The study being qualitative in nature, the research methods used are interviews and observations. The interviews targeted key informants identified based on set criteria on PPP knowledge and experience.

3.4 Target Population

The target population of the study included the Agricultural Sector Coordination Unit and the Agribusiness department, the PPP unit, Agriculture Sector Board (KEPSA) and representatives of the commercial processing companies (Premier processors and Kevian Ltd processors) engaged in agribusiness PPP.

3.5 Sample and Sampling Techniques

The study uses purposive and snow balling sampling technique to identify respondents for interview and focus group discussions (FGDs). The sample frame of the study included representative from top and middle management of the two commercial processing companies, small scale farmers' and middlemen or brokers, organized farmer groups and farmer marketing groups, governmental and non-governmental agencies. The study takes into consideration of 30% threshold of the population.

Table 3.1: Sample Size

Respondents		**Target Population**	**Sample Size**
Commercial Processing Companies	Kevian Ltd	15	5
	Premier Processors	12	4
Farmers	Small Scale Farmers	25	6
	Organized Farmer Groups	25	6
	Farmer Marketing Groups	20	6
	Middlemen or Brokers	15	5
Ministry of Finance (National Treasury)	The PPP Unit,	9	4
	The PPP Committee	9	4
	The "Nodes".	9	4
Horticultural Crops Development Authority (HCDA)		8	3
Industrial & Commercial Development Corporation (ICDC)		8	3
Ministry of Agriculture (MoA)	Agricultural Transformation Office	8	3
	Directorate of agricultural policy research and regulations	5	2
	Directorate of crop resources, agribusiness and market development	5	2
	Agricultural Sector Coordination Unit (ASCU)	5	2
German Technical Cooperation (GTZ)		5	2
Kenyan Federation of Agricultural Producers (KENFAP)		7	3
Fresh Produce Exporters' Association of Kenya (FPEAK)		8	3
TOTAL		**193**	**67**

***Source*: Researcher, 2019**

3.6 Data Collection Instruments

The data collection instruments included key informant interviews schedules, focus group discussion guides and observation. These were used for collecting of primary data. The study uses structured interviews so as to solicit more useful information when participants cannot be directly observed. The interviews targeted key informants in top and middle management in fruit processing agribusiness.

The study also identified individuals (8-10 persons) from the various actors to participate in each focus group discussion especially at the commercial processing companies where most actors are accessibility. Both the interviews and focus group discussions were specific to the research objectives to solicit in-depth information from the respondents.

3.7 Data Collection

The researcher first obtained an introductory letter from the university which was used to seek consent from the sampled relevant authorities. Once consent is given, the researcher then conducted the interviews, schedule focus group discussions and also site visited the commercial processing companies. The researcher therefore relies on the assistance of the various stakeholders to organize and schedule appropriate time to visit, interviews and focus group discussions.

3.8 Data Analysis Procedure

The qualitative data collected from the interviews and focus group discussions were coded, analyzed using (SPSS version 25) and results presented using descriptive statistics such as frequencies. The coded data was also arranged and reported in narrative form as per the research objectives of the study.

3.9 Validity of the Research

The study sought assistance from an expert in the field of PPP agribusiness to assess the degree of validity in the research questions in relation to research objectives. The study indulged experts in public-private partnership, public policy and agribusiness to conduct a content test on the research question to ascertain whether they addressed the research objectives.

3.10 Reliability of the Research

The study also sought reliability of the structured interview guide to determine its consistency. This was done by administering the same test twice to the same group of respondents to assess whether the responses were similar. This test was done severaly to different groups to ensure that responses generated were consistent.

3.11 Ethical Issues and Research Considerations

The researcher used an introductory letter from the university to convince the respondents that the study is purely for academic purpose. They were also informed through their respective organizations that participation is voluntary and information given is confidential to the study.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.0 Introduction

The chapter presents an analysis of data collected based on the study objectives: to explore how the nature of public-private partnership (PPP) has influenced the agribusiness; to examine how the public-private partnership (PPP) policies have affected the sustainability of agribusiness; and to identify the challenges affecting public-private partnership (PPP) in the agribusiness. Each of the objectives was assessed based on the respective hypotheses.

4.1 Response Rate

The target sample size of the study was 67 but the response rate was 79% while those who did not respond were 21%. This sample size was within the 30% threshold of the target population.

Table 2.1: Response Rate

Category	**Frequency**	**Percentage (%)**
Response	53	79
No Response	14	21
Total	**67**	**100**

Source: Researcher, 2019.

4.2 The Influence of the Nature of PPP on Agribusiness

The section analyzes the nature and scope of Public-Private Partnership arrangements in agribusiness. In order to realize this, we hypothesized that the greater the private share in the public-private partnership the greater the success of agribusiness. We used the distribution of responsibilities in PPP to establish the nature of public-private partnerships in fruit processing agribusiness. The distribution of responsibilities has been used to categorize various forms of public-private partnerships in agribusiness such as service contract, management contract, lease, concession, build-operate-transfer (BOT), and joint venture to divestiture. The study used the distribution of responsibilities in PPP to identify the nature of public-private partnerships in fruit processing agribusiness.

4.2.1 Nature of Fruit Processing Public-Private Partnership

In order to establish the nature of public-private partnership, we asked who bore the most responsibilities in the various activities within the fruit processing projects. Table 4.2 show a summary of the distribution of responsibilities among the actors.

Table 3.2: Distribution of Responsibilities by Company

Aspects of PPP	**Fruit Processing Enterprises**	
Organization	Kevian Kenya Ltd	Premier Food Industries Ltd (PFIL)
Form	Joint Venture	Divestiture
Management of the project	Kevian managers and agricultural officers (PSDA)	Premier Managers
Capital investment	Co-financing Kevian and PSDA	Grants - PSDA
Asset ownership	Manufacturing and processing - Private Land-Individual farmers	Private-Manufacturing and processing Land–Premier farms and Organized farmers
Risk involvement	Kevian-Commercial risk Farmers–agricultural risk	Premier–commercial and agricultural risk
Financing of the project	Kevian and PSDA	Premier
Cost and quality Monitoring	Internal–Quality assurance office External–Government (KEBS/KEPHIS)	Internal–Quality assurance department External–Government (KEBS/ KEPHIS)
Operations and Maintenance	Operation managers and agricultural officer (MoA)	Production and operation department
Licensing	KEBS/KEPHIS	KEBS/KEPHIS
Capacity Building and Training	Agronomist officers and agricultural officers (MoA)	KENFAP and Agronomist officers - Private
Public Participation	None	None
Management of Collection network	Private	Private
Contract Duration	2-4 years	2-4 years

Source: Researcher, 2019.

Table 4.2 show the response on the actors who bore the most responsibilities in the various activities within the fruit processing projects. The activities of the PPPs discussed include management of the project, capital investment, asset ownership, risk allocation, financing of the project, cost and quality, monitoring operations and maintenance, licensing, capacity building and training, public participation, management of collection network, contract duration. The study used the distribution of responsibilities to identify characteristics that describe the nature of public-private partnership in Fruit processing.

In management, Kevian co-shared its responsibilities with PSDA which represented the ministry of agriculture and German Agency for International Development (GIZ) as the public sector while Premier processor solemnly management the project. For capital investment Kevian was co-financed while Premier received grants to implement the project. These characteristic of co-sharing and co-financing represent a joint venture while sole management and financial grant represent a divestiture.

In terms of ownership of assets, Kevian shared ownership with individual farmers. Kevian owned manufacturing and processing assets while individual farmers owned land for fruit production. However, Premier processor owned manufacturing, processing and land. This characteristic of sharing is associated with joint venture while sole ownership with divestiture. In joint venture risk involvement is shared between the public and the private while a divestiture the private share bares more risk depending on the nature of asset and service. This was the case for Kevian which shared risk by incurring commercial risk and public sector agricultural risk. However Premier Processor bore both commercial and agricultural risk of the project.

In financing joint ventures tend to share the responsibilities while divestiture the private sector finances. Kevian project which show joint venture characteristics shared the financing of project together with the public sector while Premier a divestiture was financed by the private sector. In both Kevian and Premier Processors cost and quality monitoring was done by public and private sectors. This was a common shared characteristic for joint venture and divestiture. Joint ventures operations and maintenance might be shared between the public and private while divestiture it is the responsibility of the private sector. Kevian relied on operation managers and agricultural officer (MoA) and Premier on the production and operation department. Licensing in Kevian and

Premier Processor was done by the public sector. This is another common characteristic shared by joint venture and divestiture.

Public participation was only done for Kevian as it included individual farmers unlike Premier Processor which contracted farmers. This makes the joint venture more inclusive of the public than divestiture arrangement. The contract duration of both projects was expected to be 2-4 years. However, Kevian has continued to support individual farmers engaged in fruit production.

The study identified various characteristics that show Kevian limited had a co-sharing trend in most of the responsibilities while Premier had a greater share of responsibilities to the private sector. These trends are associated with joint ventures and divestiture. Thus the study established that the nature of fruit processing is mainly joint ventures and divestitures.

4.2.2 Nature of Public-Private Partnership Influential Factors

The study examined the distribution of responsibilities to identify the nature of public-private partnership in fruit processing. The study identified two forms of PPP to include joint ventures and divestiture. We asked the respondents how the nature of public-private partnership (PPP) influences the agribusiness PPPs and the responses presented in table 4.3.

Table 4.3: Nature of PPP influential factors in agribusiness

Functional Pressure/Influential Factors	**Nature of PPP**	
	Joint Venture (Kevian)	**Divestiture (Premier)**
Decision Making	Decentralized	Centralized
Management and co-ordination	Collaborative	Authoritative
Risk Allocation	Equitable	Non-equitable
Accountability	Collective	Individual
Oversight Authority	Bilateral	Unilateral

Source: Researcher, 2019.

Table 4.3 above show the influential factors to the success of agribusiness. These influential factors include decision making, management and co-ordination, risk allocation, accountability and oversight authority. The study discusses how these influential factors contributed to the success of fruit processing.

Decision making in joint venture for Kevian was decentralized while the divestiture for Premier Processor was centralized. This implied that decision making for Kevian was a participatory between the public and the private sector while for Premier Processor was non-participatory and left to the private sector. This participatory feature of a joint venture gives partners a sense of confidence and ownership in the process while the non-participatory in the divestiture alienates the private sector from the public sector. This confirms Cuttaree and Mandri-Perrott (2010) articulation of PPP complexities of misconceptions and mistrust which can resolved by participatory strategies that promote public awareness.

Management and co-ordination in joint ventures is a collaborative arrangement between the public and private sectors while the divestiture is an authoritative with the private sector being in control. Kevian project saw the private managers collaborate with project officers from PSDA to manage and co-ordinate the activities of the project. Premier Processor on the other had was left in the hands of the private managers to manage and coordinate the activities. This supports Zhang (2005) recommendation of collaboration as a critical factor to the success of PPP as VFM possess a challenge to partnership. The principle of VFM is to identify whether a project is worth undertaking via PPP thus a collaborative approach helps to identify the benefits of the project unlike authoritative approach to management and co-ordination.

Risk Allocation in joint ventures for Kevian was equitable shared between the public and the private while divestiture for Premier Processor was not equitably shared but assigned to the private sector. This goes against Berkeley et al. (1991) thought of identification of risks as the first step to managing PPPs appropriately. However, joint venture presented a vise verse confirmation of Li et al. (2005c) association equitably transfer risks as a critical feature to PPP success. Hence a joint venture presented a better option for risk allocation.

Accountability in joint ventures is done collectively by the public and private sectors while divestiture is done by an individual partner which is the private sector. The public sector is guided by interest of the people while private sector is guided by profits thus a conflict of interest is likely to emerge. However, with proper strategies this can be managed. Joint venture through collective accountability gives equal representation of both sectors unlike divestiture where individual accountability might hinder transparency and flow of information. This is in tandem with UNECE (2008) definition of accountability to include transparency, clear responsibilities, shared information and well organized structures.

Oversight authority in joint ventures is bilateral while in divestiture it is unilateral. Bilateral oversight authority implies that both public and private sectors have the mandate to oversee the activities. Unilateral implies that only one entity which is the private sector has the mandate to oversee the activities of the project. This can effectively be done when the oversight authority is willing and committed to the objectives of the partnership. A bilateral oversight authority presents this opportunity for sharing skills and assets unlike a unilateral oversight authority which focus on its profit making interest. This outcome is consistent with Oram and Wijeratna (2014) that PPP present opportunities for public and private sectors to share skills and assets.

These influential factors were related to the functional operations of both fruit processing enterprises. The study used these influential factors to establish the nature of PPP plays a greater role to the success of fruit processing enterprises. The emerging trend show that joint ventures provide a better functioning environment than divestiture for the success of fruit processing. However, divestiture form of public-private partnership also led to the success of fruit processing but at the expense of public sector interest. The study therefore established that there was functional improvement in the PPP arrangements of fruit processing that led to the success of the projects.

4.3 Public-Private Partnership Policies in Agribusiness

The section analyzes how Public-Private Partnership (PPP) policies affected the sustainability of agribusiness. To achieve this, the study hypothesized that unsolicited public-private partnership initiatives have greater success in agribusiness. The study used the PPP act to identify how unsolicited public-private initiatives provide legal and institutional support for the success of fruit processing enterprises. We therefore asked how unsolicited public-private partnership initiatives have created a stable system, favorable investment environment, established a better legal framework and transformative changes.

Table 5.4: Unsolicited Public-Private Partnership Support

Legal and Institutional Support	Indicators	Kevian	Premier
Formulation	Tendering	Unsolicited (No Tendering done)	Solicited (Tendering done)
Stable System	Attract new investment	Individual farmers, brokers and financial institutions	None
	Improve production	Fruit produce and product diversification	Fruit produce (Reduce post-harvest losses)
	Market Access	Market access local and international (Export)	Market access international (Export)
Favourable investment environment	Economic viability	Farmers income (Credit access)	None
	Affordability	Co-finance (Cost vis a vie benefits)	Grants
	Appropriate risk	Shared	Solemnly
Legal Framework	Allocation of responsibilities	Equitably	Inequitable
	Decision making	Decentralized	Centralized
	Clear and transparent regulatory system	Contract law	MoUs
Transformative changes	Process	Downward approach	Downward approach
	Programme	Open to Financing from financial institutions	Initial funds
	Politics (Government)	Non-specified oversight authority	Specified oversight authority

Source: Researcher, 2019.

Table 4.4 show the legal and institutional support that unsolicited public-private partnership initiatives provide for the success of fruit processing enterprises. These legal and institutional support show the political and social arrangements of PPP in fruit processing enteprises.

Fruit processing public-private partnerships were formulated using unsolicited (Kevian) and solicited (Premier Processor) initiatives. The unsolicited public-private partnership initiative was a non-compete (no tendering done) proposal that specifically selected a private entity to provide a service while a solicited initiative was done through competitive advantage for a private entity to be awarded grants. The study used Kevian limited and Premier Processors public-private partnership initiatives to assess which had a greater success in agribusiness.

Unsolicited and solicited public-private initiatives both provide a stable system. The indicators of a stable system include the ability to attract new investment, improve production and increase market access. The study show unsolicited public-private initiatives attracted new investment through increased participation of farmers, brokers and financial institutions while the solicited public-private initiatives did not attract new players. The study show unsolicited and solicited public-private initiative improved production especially on produce. The study show unsolicited initiative also had product diversification. The study show unsolicited and solicited initiatives had increased market access especially for export. Unsolicited initiative also increased market access locally.

Unsolicited and solicited public-private initiatives both provide a favourable investment environment. However, the study identified the indicators of a favourable investment environment to include economic viability, affordability and appropriate risk of the projects. The study show unsolicited public-private initiative attained all three outcomes of a favourable investment environment while solicited did not attain all of them. Unsolicited initiative was more economic viable than solicited as the farmers got to increase their income and credit access. In terms of affordability both project accrued benefits from the capital investment. Unfortunately, the solicited initiative did not get appropriate risk allocation as the private sector bore both commercial and agricultural risk while the unsolicited initiative shares both risk between the public and private sector.

Unsolicited and solicited initiatives also provided a sound regulatory framework for the success of fruit processing enterprise. However, unsolicited initiative provide a more fluid regulatory framework supported by a clear contractual laws that provide specific allocation of responsibilities and decision making that attracts investments. The study considered a sound legal framework to include allocation of responsibilities, decision making and clear contract laws. The study show unsolicited initiative was guided by contractual law while solicited initiative was guided by memorandum of understanding (MoUs). The unsolicited initiative contract is more specific and detailed on the allocation of roles and decision making than the solicited MoUs which are negotiated after a private entity is identified after tendering. Contract law for unsolicited public-private initiative are formulated prior the implementation hence have specific targets unlike solicited initiative that are formulated after a private entity is identified. This aspect of pre-planning in unsolicited initiative makes the partnership have lesser legal formalities during formulation and implementation thus making them friendlier to private entities.

Unsolicited and solicited public-private partnership initiatives provide transformative changes that contributed to success of fruit processing enterprises. The study considered transformative changes to include innovativeness in the process (how things are done), programme (government intervention) and political changes (conflict, emerging issues, new actors). Unsolicited PPP initiatives transformed the process of formulating and implementation of PPP in general. The study show unsolicited PPP initiatives have less government involvement from the initial formulation to the implementation stages of the projects. The public sector only legitimized the partnership as required by the law. However, solicited PPP initiative has greater government involvement especially in the formulation and implementation as it needs to meet all necessary standards of competitive advantage. Unsolicited PPP initiative has also transformed the implementation process where the oversight authority gives an opportunity for collective participation as compared to solicited initiative which already have a detailed contract that dictates then who will be the oversight authority. This lack a clear cut oversight authority in unsolicited initiatives makes it easier to manage expectations among partners as compared to rigid oversight authority in solicited initiatives.

Unsolicited PPP initiatives also transformed the programme for fruit processing enterprise especially the financing aspect. Solicited provides for the establishment of a viability gap fund to support economically viable projects which may not be financially viable without government support. However, through the unsolicited PPP initiative the financing options do not have a revolving fund to be used for sustaining the project life. It mostly gives grants or investment capital to kick-start the project but does not factor in the longevity of the project. Therefore, unsolicited PPP initiative give opportunity for outsource funds from other institutions to support the project.

Lastly, unsolicited PPP initiatives provided political changes through the fluid legal framework that has minimal legal formalities unlike solicited initiatives that have complex legal formalities. This attracts to more investors to participate in Kevian public-private partnership. The organization of farmers into groups and associations encourage new farmers into partnering with fruit processing companies. Unsolicited initiative also received community support through individual farmers and brokers who were also enrolled to participate as independent suppliers.

From table 4.4, we established unsolicited public-private partnership initiatives contributed to the success of fruit processing enterprises. The study established unsolicited initiative created more stable system that attracts private entities to invest, establishes a favourable investment environment, facilitates a legal framework and provides transformative changes than solicited public-private partnership initiatives. This is consistent with findings of Cuttaree and Mandri-Perrott (2010) view of a combination of a clear, broad, and flexible legal environment as necessary to ensure the success PPP projects. Therefore the study established that there was improvement in the political and social arrangement of PPP in fruit processing enterprises that led to the success of the projects.

4.4 Challenges of Public-Private Partnership in Agribusiness

The section analyzes the challenges of Public-Private Partnership in agribusiness especially fruit processing industry. In order to realize this, the study hypothesized that the failure to keep contractual obligations inhibits the capacity of public-private partnerships (PPPs) to exploit their full potential in the agribusiness sector. We asked the challenges that are related to contractual obligations, nature of public-private partnership and unsolicited public-private partnership.

The respondents of the study were asked whether the failure to keep contractual obligations inhibits the capacity of public-private partnerships (PPPs) to exploit their full potential in fruit processing.

Table 6.5: Challenges of Fruit Processing Public-Private Partnership

Challenges	Indicators	Kevian	Premier
Nature of PPP	**Form**	**Joint Venture**	**Divestiture**
	Decision Making	Decentralized	Centralized
	Management and co-ordination	Collaborative	Authoritative
	Risk Allocation	Equitable	Non-equitable
	Accountability	Collective	Individual
	Oversight Authority	Bilateral	Unilateral
PPP initiatives	**Approaches**	**Unsolicited**	**Solicited**
	Legal Framework	Contract law	MoUs
	PPP Formulation Process	Non-inclusive	Inclusive
	Governance	Unclear PPP oversight authority	Clear PPP oversight authority
	Financing	Outsourcing of funds	Revolving Fund

Source: Researcher, 2019.

Tables 4.5 show the challenges of Public-Private Partnership in agribusiness especially fruit processing industry.

The study show challenges associated with the nature of PPP include decision making, management and co-ordination, risk allocation, accountability and oversight authority. Decision making for joint venture was considered to be decentralized while divestiture was centralized. The study show decision making in joint venture was fast and efficient as each actor was in-charge various responsibilities making the activities run smoothly while divestiture most of the responsibilities were held by one actor slowing the decision making process. Management and co-ordination for joint venture was collaborative while divestiture was authoritative. Collaborative management ensured that stakeholder's expectations were managed while the authoritative one did not. Also the collaborative co-ordination was considered more participatory than the authoritative which was a top-bottom approach. Hence joint ventures were more successful than divestiture in managing partners' expectations and ensuring participation thus building confidence. This confirms Cuttaree and Mandri-Perrott (2010) perception that complexity of PPP raises misconceptions and mistrust from the public especially on asset ownership and private investment motives.

Risk allocation in joint ventures was equitable while divestiture was non-equitable. Equitable risk allocation is considered a critical factor to the success of PPP therefore joint ventures proved to be more successful than divestiture. This is in consistent with findings of Delmon (2010) view of PPPs as institution strategies used to increase financial access, shared risks, and address challenges of agricultural development.

Accountability in joint ventures was collective and divestiture was individual. The collective accountability principle applies well when various stakeholders are involved unlike the individual principle which applies to one entity in a partnership. Oversight authority for joint ventures was bilateral and divestiture unilateral. Joint venture meant that each partner interest was considered while divestiture meant that only one partner interest was considered more than the others. Thus a divestiture is disadvantageous when it comes to PPP and public interest.

Table 4.5 show challenges associated with the approaches to public-private initiatives (PPIs) include legal framework, PPP formulation process, governance and financing. Legal Framework frame work for unsolicited public-private initiative was contract law and solicited public-private initiative Memorandum of Understanding (MoUs). Unsolicited PPP rely on contract law which is detailed on the onset of engagement while solicited PPP rely on MoUs which are negotiated after tendering is done. Thus unsolicited PPP require lesser legal formalities that solicited PPP.

Unsolicited PPP initiative formulation process is non-inclusive while solicited PPP initiative is inclusive. The formulation of solicited PPP initiative is developed by both partners who are identified through competitive advantage while unsolicited PPP initiative is done by the initiating partner who develops the proposal and selectively identifies the collaborating partner for approval by the government. Unsolicited PPP therefore lacks the principle of inclusion in the formulation process.

The governance of unsolicited PPP initiative is unclear oversight authority while solicited PPP had a clear oversight authority. The use of contract law in unsolicited PPP initiative is associated with pre-planning aspect which makes it difficult to consider defining the oversight authority when one partner is absent. However, solicited PPP initiative relies on MoUs have adequate time to plan for the oversight authority as both partners are involved in the formulation of the partnership. The lack of a clear oversight authority in unsolicited PPP initiative becomes a challenge especially in the implementation of the project.

Unsolicited PPP initiatives consider outsourcing of funds for financing while solicited PPP initiative has a revolving fund. Solicited PPP initiative has revolving fund confined to the continuity and sustainability of the project while unsolicited PPP initiative funds do not have a revolving fund as they rely on outsource funds from other financial institutions. A revolving fund is limited to the project activities thus limits other source of financing to these activities. Therefore, unsolicited PPP initiatives are not limited to outsource funds from other financial institutions. This open financing option possesses a challenge to the unsolicited PPP initiatives especially in accountability to partners in the project.

From Table 4.5, we established the challenges identified were associated with the nature of PPP and approaches to PPP initiatives. The challenges associated with the nature of PPP include decision making, management and co-ordination, risk allocation, accountability and oversight authority while those associated with the approaches to public-private initiatives (PPIs) to include legal framework, PPP formulation process, governance and financing.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents the summary of the findings, conclusions and recommendations to the contribution of PPP in fruit processing enterprises. The study has established public-private partnership (PPP) initiatives have contributed to the improvement of fruit processing enterprises in Kenya.

5.1 Summary of the Findings

This section summarizes the specific findings highlighted in line with the specific objectives of the study.

5.1.1 Nature of Public-Private Partnership (PPP) in Fruit Processing

The objective of the study was to explore how the nature of public-private partnership (PPP) has influenced the agribusiness. To achieve this, the study hypothesized the greater the private share in the public-private partnership the greater the success of agribusiness.

The study established that the nature of public-private partnership in the fruit processing enterprises is joint ventures and divestiture. The study established that joint ventures which had a co-sharing characteristic between the public and private sector had greater success than divestiture which was characterized by greater private share. The functional characteristics included decision making, coordination and management, accountability and oversight authority. In doing so, the study established joint ventures which had co-sharing characteristics had greater success in fruit processing enterprises than divestiture.

The study objective was thus partially achieved as we established no direct correlation that the greater the private share in the public-private partnership the greater the success of fruit processing enterprise. However, we established the success of fruit processing depends on the nature of PPP influences the functional characteristics of the public-private partnership.

5.1.2 Public-Private Partnership Policies in Agribusiness

The objective of the study examined how the public-private partnership (PPP) policies have affected the sustainability of agribusiness. To achieve this, the study hypothesized that unsolicited public-private partnership initiatives have greater success in agribusiness.

The study established unsolicited PPP initiative created a more stable system that attracts private entities to invest, establishes a favourable investment environment, facilitates a legal framework and provides transformative changes than solicited public-private partnership initiatives.

Unsolicited PPP initiates are more likely to be successful in fruit processing industry. The study objective was therefore fully achieved as we established unsolicited public-private partnership initiatives have greater success in fruit processing enterprise.

5.1.3 Challenges affecting Fruit Processing Public-Private Partnership

The objective of the study was also to identify the challenges affecting public-private partnership (PPP) in the agribusiness. In order to achieve this, the study hypothesized the failure to keep contractual obligations inhibits the capacity of public-private partnerships to exploit their full potential in the agribusiness sector.

The study established that challenges affecting public-private partnership (PPP) include those associated with the nature of PPP and approaches to public-private initiatives (PPIs). Those associated with the nature of PPP to include decision making, management and co-ordination, risk allocation, accountability and oversight authority while those associated with the approaches to public-private initiatives (PPIs) to include legal framework, PPP formulation process, governance and financing.

The study objective was partially achieved as we identified several challenges that affect public-private partnership (PPP) in the fruit processing.

5.2 Conclusions

The study concludes that:

Public-private partnership (PPP) has contributed to the improvement of agribusiness in Kenya, especially in the fruit processing industry. The improvement include the functional, political and social arrangements of public-private partnership in fruit processing enterprises. The functional improvement of PPP agribusiness was on the nature of PPP that had greater success in fruit processing. The political improvement was the adoption of unsolicited public-private partnership initiatives that provided a more stable system, favourable investment environment, a fluid legal framework and transformative platform for fruit processing PPPs to be successful. The social improvement of agribusiness was the emergence of new actors and increased shared values for stakeholders in the fruit processing industry.

5.3 Recommendations

The study recommends:

5.3.1 Policy Recommendations

The public and private sectors need to promote PPP arrangemenmts that are economically viable, affordable and consider appropriate risk allocation.

There is need to review public-private partnership concept formulation procedure to ensure it is transparent, fair, inclusive and competitive for PPP arrangements.

5.3.2 Recommendations for Further Research

The study recommends that further research to the role of revolving funds to public-private partnership life cycle.

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APPENDICES

Appendix I: Introduction Letter

Kennedy M. Mutuku

P.O Box 3724 – 00506,

Nairobi

Dear Respondent,

<u>RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH PROPOSAL</u>

My name is Kennedy Mutuku, a graduate student in Political Science and Public Administration conducting a research as part of the course requirements. The research title is: “The Contribution of Public-Private Partnership to Agribusiness in Kenya: A Case Study of Fruit Processing Enterprises”. Information given is for academic use and confidentiality will be ensured during the study.

Your participation in this study will be highly appreciated.

Yours Sincerely,

Kennedy Mutuku

Appendix II: Interview Guide

Introduction

I am Kennedy Mutuku, a graduate student in the University of Nairobi conducting a study on the contribution of Public-Private Partnership (PPP) to agribusiness especially in fruit processing enterprises in Kenya. The interview guide requires the respondents to respond and provide information on Public-Private Partnership (PPP) in agribusiness in Kenya. The information is purposely for academic use only. The responses will be handled with confidentiality and the name of the respondents will not be disclosed.

Section A: Demographics

1. Which institution or sector to which you belong

Commercial Processing Companies (Kevian Ltd, Premier Processors)
Farmers (Small Scale Farmers, Organized Farmer Groups, Farmer Marketing Groups, Middlemen or Brokers)
Ministry of Finance (The PPP Unit, the PPP Committee, the “Nodes”).
Horticultural Crops Development Authority (HCDA)
Industrial & Commercial Development Corporation (ICDC)
Ministry of Agriculture (MoA)
Agricultural Transformation Office
Directorate of agricultural policy research and regulations
Directorate of crop resources, agribusiness and market development
German Technical Cooperation (GTZ)
Kenya Private Sector Alliance (KEPSA)

2. Which category of management do you fall under in the organization?

Top Management

Middle management

Operational management

Other levels: State..

3. How many years have you served in your company/organization/institution or sector?

Between 0 – 5 Years

Between 5 – 10 Years

Between 10 – 15 Years

Between 15 – 20 Years

More than 20 Years

4. For how long have you engaged in agribusiness?

Between 0 – 5 Years

Between 5 – 10 Years

Between 10 – 15 Years

Between 15 – 20 Years

More than 20 Years

5. On a scale of 1-10, what would you say is your level of knowledge of Public – Private Partnerships (PPPs)

Very Little Sufficient

1	2	3	4	5	6	7	8	9	10

Section B: The Nature of PPP in Agribusiness.

6. What was the aim of the partnership you are involved in the fruit processing enterprise?
7. Who are the actors involved in partnership you are involved in the fruit processing enterprise?
8. What kind of structural arrangements (management) were involved in the fruit processing enterprise.
9. In your opinion, who bears the most of responsibilities between the government and Fruit processing agribusiness?
10. In your opinion, who bears asset ownership between the government and Fruit processing agribusiness?
11. In your opinion, who bears the risk between the government and Fruit processing agribusiness?
12. Below are statements showing responsibilities of public-private partnership (PPP) on agribusiness?

	Scale of Responsibilities in PPP Agribusiness	Public or Private
a)	Organization of the Project	
b)	Structural arrangements (Management of the project)	
c)	Capital investment	
d)	Asset ownership	
e)	Risk involvement	
f)	Financing of the project	
g)	Cost and quality Monitoring	
h)	Operations and Maintenance	
i)	Legal & Institutional Structure	
j)	Capacity Building and Training	
k)	Public Participation	
l)	Management of Collection network	
m)	Method of Collection	
n)	Contract Duration	

13. Do you consider the partnership distributed financial roles equitably?
14. Would you say the partnership considered the appropriate risk allocation among actors?
15. Would you say the actors followed through the contractual arrangements?
16. Do you think there has been a reliable collaborative arrangement between the actors involved in the partnership?
17. Would you say that the partnership or arrangement by the fruit processing companies has been supported and understood by community?
18. Section C: PPP Policies of Agribusiness.
19. Are you currently aware of any PPP policies that have assisted in the partnership you are involved in currently? If yes, kindly mention them
20. Have there been any transformative or innovative changes in the partnership due to any PPP policies change. If yes, kindly mention them
21. Are your aware of the Public-private Partnership Act (2013)? If yes, kindly what aspect of the PPP Act (2013) have been beneficial to the fruit processing agribusiness.
22. Have there been any changes in the process (how things are done) of fruit processors agribusiness due to PPP Act (2013). If yes, kindly mention them
23. Have there been any changes in the programme (government intervention) that fruit processors agribusiness do due to the PPP Act (2013). If yes, kindly mention them

24. Have there been any political changes (conflict, emerging issues, new actors) arising in the process of fruit processors agribusiness due to PPP Act (2013). If yes, kindly mention them
25. Has the PPP Act (2013) created a favourable investment environment for fruit processing agribusiness?
26. Has the PPP Act (2013) assisted in the establishment of a stable system among the actors involved in fruit processing agribusiness?
27. Has the PPP Act (2013) assisted the legal framework for fruit processing agribusiness to become a predictable and reasonable for investors?
28. From your experience in the partnership, would you say that it has been economic viability?

Section D: Challenges of PPP in Agribusiness.

29. What would you say are some of the challenges PPP face in agribusiness in Kenya?
30. Do you have any suggestions to make on how PPP in agribusiness can be improved?

Appendix III: Focus Group Guide

The focus group discussion will be guided by the following questions:

1. Who bears most of responsibilities between the government and Fruit processing agribusiness
2. Who do you think bears asset ownership between the government and Fruit processing agribusiness?
3. Who do you think bears the risk between the government and Fruit processing agribusiness
4. Do you think there has been a reliable collaborative arrangement with strong technical strength between the actors?
5. Does the partnership by the fruit processing companies receive supported and understood by community?
6. Have there been any changes in the process (how things are done) of fruit processors companies due to PPP Act (2013).
7. Have there been any changes in the programme (government intervention) that fruit processors companies do due to the PPP Act (2013).
8. Have there been any political changes (conflict, emerging issues, new actors) arising in the process of fruit processors companies due to PPP Act (2013).
9. Do you consider the PPP Act (2013) as having created a favourable investment environment for fruit processing companies?
10. Do you consider the PPP Act (2013) as having assisted in the establishment of a stable system among the actors involved in fruit processing?
11. In your view as the PPP Act (2013) assisted the legal framework for fruit processing agribusiness to become a predictable and reasonable for investors
12. What are some of the challenges PPP face in Agribusiness face in Kenya?

Appendix IV: Key Informant List

Key Informants	Company/Organization
KI1:	Kevian Ltd,
KI2:	Premier Processors
KI3:	Small Scale Farmers
KI4:	Organized Farmer Groups
KI5:	Farmer Marketing Groups
KI6:	Middlemen or Brokers
KI7:	The PPP Unit,
KI8:	the PPP Committee
KI9:	the “Nodes”
KI10:	Horticultural Crops Development Authority (HCDA)
KI11:	Industrial & Commercial Development Corporation (ICDC)
KI12:	Ministry of Agriculture (MoA)
KI13:	Agricultural Transformation Office
KI14:	Directorate of agricultural policy research and regulations
KI15:	Directorate of crop resources, agribusiness and market development
KI16:	German Technical Cooperation (GTZ)
KI17:	Kenya Private Sector Alliance (KEPSA)
KI18:	Kevian Ltd,
KI19	The PPP Unit,
KI20	the PPP Committee
KI21	the “Nodes”
KI22	Horticultural Crops Development Authority (HCDA)
KI23	Industrial & Commercial Development Corporation (ICDC)
KI24	Ministry of Agriculture (MoA)
KI25	Agricultural Transformation Office
KI26	Directorate of agricultural policy research and regulations
KI27	Directorate of crop resources, agribusiness and market development
KI28	German Technical Cooperation (GTZ)
KI29	Kenya Private Sector Alliance (KEPSA)

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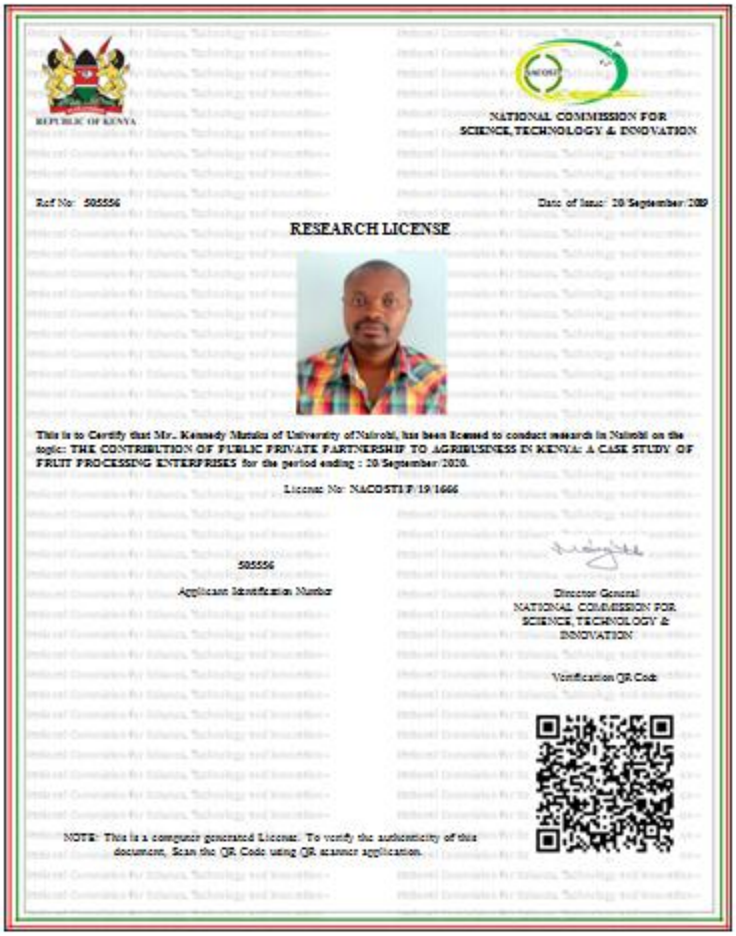

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