



Regional Pastoral Livelihoods Resilience Project (RPLRP)

Regional Training on Public Private Partnership (PPP) in Livestock Sector

25-27th October, 2018 Naivasha, Kenya



Training Report



Introduction

Background

The Intergovernmental Authority on Development (IGAD) in the Greater Horn of Africa (GHoA) is a Regional organization with the mission to assist and complement the efforts of member States to achieve, through increased cooperation, food security and environmental protection; promotion and maintenance of peace and security; and, economic cooperation and integration. Between 60-70% of the landmass is arid and semi-arid land (ASAL) where extensive livestock rearing (Pastoralism) is widely practiced. Thus pastoralism and agro-pastoralism are the main source of livelihood support for a great percentage of the human population. However, the livestock sector is constrained by among others feed scarcity, transboundary animal diseases (TADs) including emerging and re-emerging high impact zoonotic and non-zoonotic diseases, and poor market facilities that contribute to high mortality, low production and productivity and limited access to high end international livestock markets.

For example, delivery of animal health service is considered as the main responsibility of the national veterinary services that comprise of the public veterinary authority, veterinarians and veterinary para-professionals. These have the crucial roles to play in disease prevention, control and animal health service delivery either as public or private goods. These players need enabling policy and legal environment for effectiveness and efficiency in their respective roles. However in order to mobilize more resource and improve livestock production, productivity and value addition as well as increase trade volume, it is important to enhance public-private-partnership (PPP) engagement.

For economic growth and development, we need a lot of investments. Government could not provide enough funds for investments in public goods (infrastructures & services). Private Sector has a lot of capital for investments. If a system can be developed whereby private players can invest in public goods, they can help create investments, offer a service and also earn profits. Thus, to develop infrastructures for development, the government needs to work out a system where private players can come in towards creation of public infrastructures which are traditionally provided by the government.

Public private partnerships (PPPs) are agreements between government and the private sector for the purpose of providing public infrastructure, community facilities and related services. The private sector enter into a contract with government for the design, delivery, and operation of the facility or infrastructure and the services provided. The private sector finance the capital investment and recover the investment over the course of the contract period. The asset transfers back to the public sector at the end of the contract.



There are various services which can not sufficiently be managed by government agencies due to various inherent institutional weaknesses. However, such services are required to be provided to the citizens. Private Sector has expertise, managerial capability and institutional strengths to manage various services and utilities efficiently. If a framework is developed whereby private players can come in, it will result in good management of services, better services, etc. It is with the realization of these advantages, and the possibility of leveraging private capitals and management expertise, that the public authorities have now introduced the concept of Public-Private Partnership.

In 2017, the Regional Pastoral Livestock Resilience Project (RPLRP) brought on board a consultant to IGAD Centre for Pastoral Areas and Livestock Development (ICPALD) in order to review policies and practices in member States on the roles of private and public sectors in supply and provision of animal health service delivery and developed a framework for the IGAD region. The report highlighted some key achievements and challenges and proposed recommendations for follow up and implementation by the stakeholders at different levels. The report also highlighted that overall delivery of animal health services and access to affordable and effective livestock health products including veterinary drugs and vaccines remains a major challenge for pastoralists.

The regional framework enumerated a number of gaps that include under-resourced public sector; weak private sector; weak public-private partnerships; weak institutional linkages; legal and policy gaps; inadequate information management systems and poor preparedness to handle livestock related emergencies; weak implementation of policies, legislations and regulations and low compliance by stakeholders; inadequate regional harmonization of animal health policies and sanitary standards and weak regulatory framework for veterinary drugs, feeds & biologicals, food safety, animal welfare, animal identification, registration and traceability.

As a follow up to the consultancy report, IGAD Centre for Pastoral Areas and Livestock development (ICPALD) with support from RPLRP, a World Bank funded project, convened a regional dialogue meeting in Entebbe, Uganda in September, 2018. The meeting discussed how to enhance animal health service delivery in the region by the public and private sectors for sustainable development of the livestock sector. Various areas of investment in the livestock sector through public private partnership were identified. They included vaccine production and supply, disease control/ management, control of food borne diseases/ food safety, animal breeding/Genetic resources, Quarantine stations construction and management, local and export slaughterhouses, training centers/institution for animal health service providers (middle level), laboratory and diagnostic services lab and livestock



identification and tractability (LITS), market construction and management among others.

It was realized that Uganda, Kenya and Ethiopia had developed policy and legal framework for engagement of PPP and already established PPP units within their Ministries of Finance to facilitate the process. However, awareness about the value of PPP and its general approach is scanty with no tangible results within the lead Ministries including livestock sector. As a follow up to one of Entebbe workshop recommendations, ICPALD is planning to undertake a regional three days training on elements of PPP, policy, proclamations, key challenges and some practical lessons and experiences of public private partnerships with emphasis on livestock sector for IGAD member states. This will improve understanding among livestock sector and procurement personnel.

Training objectives

- Get basic PPP principles and practices,
- Discuss national PPP policies, legal frameworks (laws/ proclamations) that support awareness creation within the Ministry responsible for livestock,
- Discuss PPP procedures and initiatives among others
- Discuss recommendations on how to strengthen PPP support structures at MS level especially the livestock sectors to enhance and fast track investment.

Expected output

- Trained participants have improved understanding of PPP policy, procedures, potential areas of investment among others;
- Training report.

Proceeding

Regional Pastoral Livestock Resilience Project (RPLRP) funded by World Bank and IGAD/ FAO Partnership Programme (PP) funded by Swiss Agency for Development and Cooperation (SDC) financed the three days training in public- private partnership (PPP) investment in the livestock sector as a follow up to one of the recommendations from Entebbe meeting that was undertaken in September, 2018. During the Entebbe two days workshop that focused on the role of the public and private sector delivery of animal health, it was realized that Uganda, Kenya and Ethiopia had developed policy and legal framework for engagement of PPP and already established PPP units within their Ministries of Finance to facilitate the process unlike the remaining IGAD MS. However, it was noted that awareness about the value of PPP and its general approach was scanty with no tangible results within the lead Ministries including livestock sector. Therefore, ICPALD planned a regional three days training on elements of PPP, policy, proclamations, key challenges and some practical lessons (real or hypothetical) and experiences of public private partnerships with emphasis on livestock sector for IGAD member states.



Dr. Julia Kinyua, representing the Chief Veterinary Officer, Kenya, officially opened the training. She emphasized the need to create an enabling environment to attract private sector investment in the livestock sector through PPP approach. This will go along way to improve livestock quality, food safety and promote regional and international trade in livestock and livestock products. Dr. Solomon Munyua, Director of ICPALD, made welcome remarks. Twenty six (26) trainees from Ministries responsible for Livestock, Finance (public private partnership/ PPP Unit) and planning from Ethiopia, Kenya, S. Sudan, Sudan and Uganda participated in the training. The training was facilitated by two professionals from the PPP Unit, National Treasury, Kenya.

Training methodology

A number of adult learning techniques were used by the two trainers (Dr. Ronoh Tuimising – Legal Expert and Mr. Edgar Kamara- Financial Modeler). They included pre- training and post training evaluations questionnaire, plenary discussion sessions, questions and answers, brainstorming, group discussion as countries, real and hypothetical case study presentations/ discussions, audio video presentations and use of illustrative calculations on flip charts. All the participants actively participated during the three days.

Key points from plenary discussions

- Participants were informed that PPPs are the way to go to relieve the national governments from directly rendering some very important services that are required to serve their nationals. Moreover, PPPs also inject efficiency and effectiveness in service delivery whereby customers get value for their money. It cannot be compared with structural adjustment programs that entirely promoted privatization of a number of services leaving the government with only regulatory role because for PPPs, the government retains substantial roles.
- PPPs are operated on levies from end users at the expense of quality service as compared to free service that may be rendered by the government entirely. Before introduction, an evaluation is undertaken to see the willingness and ability to pay for the service by end users
- Better delivery of projects through PPPs requires engagement of transaction advisors and critical mass of technical professional advisors to resolve any issues that may arise to save on litigation and time overrun/ cost overrun.

Way forward

1. Member states without policy and legal framework should create it because sound legal basis will ensure that the public sector has the authority to pursue a deal and allows the private sector to mitigate unnecessary political risk and losses of public funds through legal law suits;
2. To succeed in PPP, member states should start doing them and avoid being indecisive;
3. Member states through trainees should identify candidate projects using the screening principles acquired from the training but avoid long shopping list;



4. The livestock sector should prioritize projects based on quantifiable identification of outcomes because not every infrastructure project is suitable for a PPP. It is essential for proponents together with policy makers to base their procurement decisions on robust economic and financial analysis based on an appropriate or optimum technical solution or project;
5. Future training should build an empowered team by benchmarking with peers by starting with proven national, regional and global concepts;
6. Member states should review sector strategies, shortlist potentially bankable ideas and ensure Policy Makers are carried along for smooth implementation;
7. The livestock sector should consider tendering out PPP projects in the spirit of joint utility because this increases the concept of value for money which is the cornerstone of PPP concept;
8. Acquiring the right updated data. PPPs are often characterized by lengthy tendering periods (from contract notice and financial close). Larger projects tend to be more complex in structure and therefore require more data. Ensuring that there is availability of the right updated data, restructuring and appropriate analysis may reduce the tendering periods.
9. Pick politically smart projects with prioritized bankable ideas. A successful PPP requires a pragmatic understanding of what is feasible in a constantly evolving political environment. Identified projects must be duly appraised to assess if it is feasible (both the technical solution and the delivery of the project as a PPP), that the PPP is the best procurement solution, and that it be duly prepared before tendering.
10. Actively engage with stakeholders. PPPs are inherently complex deals that require significant public engagement to ensure that the deal is in the interest of the community and executed at the highest standards possible.
11. Monitor, benchmark and learn from the partnerships (within the sector, nation, IGAD region and beyond). PPPs involve decades of dedicated attention that requires thoughtful monitoring, flexibility in the face of a changing world, and a willingness to learn from mistakes. Try to replicate proven strategies or models.



Annex 1: Training Content

REGIONAL TRAINING WORKSHOP ON PUBLIC PRIVATE PARTNERSHIPS (PPPs) IN THE LIVESTOCK SECTOR, THURSDAY 25TH – SATURDAY 27TH SEPTEMBER 2018, NAIVASHA, KENYA
Programme

Time	Topic	Presenter
	WEDNESDAY 24TH OCTOBER	
2:00 PM- 5:00 PM	Arrival and Registration	IGAD/ICPALD
	THURSDAY 25TH SEPTEMBER	
8.30- 9.00 AM	Registration of participants	ICPALD
9:00 A.M – 8:15 AM	Opening Remarks	Dr. Munyua, Director, ICPALD
	Official opening	Dr. Kinyua Julia (DVS)
9:15 A.M - 10:30	Workshop Objectives	Dr. Wamalwa (ICPALD)
	Overview of Partnership programme	Caroline Agosa (ICPALD)
	Overview of public and private sector engagement in the livestock sector from the region	Dr. Wamalwa (ICPALD)
10:30 A.M – 11:00 A.M	Group photo and Health Break	
11:00 AM – 1:00 PM	Introduction to PPPs	PPP Unit-Kenya
	PPP Legal Frameworks	PPP Unit-Kenya
	PPP Projects Screening	PPP Unit-Kenya
1:00 PM – 2:00 PM	Health Break	
2:00 PM – 2:45 PM	Overview of PPP Feasibility Study	PPP Unit-Kenya
2:45 PM – 3:45 PM	PPP Procurement	PPP Unit-Kenya
3:40 PM – 4:00 PM	Health Break	
4:00 PM – 5:00 PM	Plenary Discussion on Livestock Sector Priorities and Options	Country Teams
	FRIDAY 26TH OCTOBER	
8:15 AM – 8:45 AM	Recap of Day 1	Workshop Participants



Time	Topic	Presenter
8:45 AM – 9:45 AM	Primer on Project Finance	PPP Unit-Kenya
9:45 AM – 10:30 AM	Project Case Studies Part 1	PPP Unit-Kenya
10:30 AM – 11:00 AM	Health Break	
11:00 AM – 1:00 PM	Project Case Studies Part 2	PPP Unit-Kenya
1:00 PM – 2:00 PM	Health Break	
2:00 PM – 3:00 PM	PPP Fiscal Commitment and Contingent Liabilities (FCCLs)	PPP Unit-Kenya
3:00 PM – 4:00 PM	Contract Management and Handback	PPP Unit-Kenya
4:00 PM – 4:15PM	Health Break	
4:15 PM – 5:30 PM	Country Experience on PPPs- Kenya	
SATURDAY 27TH OCTOBER		
9:00 AM – 9:30 AM	Recap of Day 2	Workshop Participants
9:30 AM – 11:00 AM	Country Experience on PPPs- Ethiopia	PPP Unit- Ethiopia
11:00 A.M – 11:30 A.M	Health Break	
11:30 AM – 1:00 PM	Country Experience on PPPs- Uganda	PPP Unit- Uganda
1:00 PM – 2:00 PM	Health Break	
2:00 PM – 3:00 PM	Discussion on Next Steps and Action Plans	Country Teams
3:00 PM – 3:30 PM	Wrap-up	IGAD/ICPALD
3:30 PM – 4:00 PM	Closing Remarks	IGAD/ICPAL
	END	

Table 1: Proposed Participant

Countries	Institution	Numbers
Ethiopia	Livestock Sector (Animal production unit dealing with PPP, CVO, Veterinary department unit dealing with PPP)	3
	Planning or procurement Department, Ministry of Agriculture and Livestock	1



Kenya	Livestock Sector (Animal production unit dealing with PPP, CVO, Veterinary Department unit dealing with PPP)	3
	Procurement unit, Ministry of Agriculture and Livestock	1
Uganda	Livestock Sector (Animal production unit dealing with PPP, CVO, relevant unit dealing with PPP in Veterinary Department)	3
	Procurement unit, Ministry of Agriculture and Livestock	1
RPLRP MS	PPP Unit head from the three countries	3
Other MS	CVOs & planning or procurement department, Ministry of Agriculture and Livestock from non-RPLRP countries- Djibouti, Sudan, Somalia and S. Sudan	8
	ICPALD	5
	Facilitators	2
	Total	30

