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The Contribution of Public-Private Partnership to Agribusiness in Kenya: A Case Study of Fruit Processing Enterprises

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ABSTRACT

Public-Private Partnership (PPP) promote and support agribusiness development through increased diversification, economic and wealth production, increased food security and market competitiveness expansion. PPP revealed that performance of agribusiness PPP in Africa was not successful compared to those in Asia and Latin America, which has been attributed to lack of consensus on whether PPP are good or bad for both the public and private sector. This study investigated how PPP in agribusiness has contributedto the improvement of fruit processing enterprises. The research objectives were to explore how the natureof Public-Private Partnership (PPP) has influenced the agribusiness. The study used key informant interviews and observations. Key informants were purposively identified based on set criteria on PPP knowledge and experience. The study found that joint ventures, which had a co-sharing characteristicbetween the public and private sector, had greater success than divestiture, which was characterized by greater private share. Furthermore, unsolicited PPP initiative created a more stable system that attractsprivate entities to invest, establishes a favourable investment environment, facilitates a legal framework and provides transformative changes than solicited public-private partnership initiatives. However, public- private partnership in fruit processing face challenges associated with the nature of PPP and approaches to public-private initiatives (PPIs). In conclusion, public-private partnership (PPP) has contributed to functional, political and social improvement of agribusiness in Kenya, especially in the fruit processing industry.

Key words: Public-Private Partnerships, Agribusiness, Fruit processing.

INTRODUCTION

In agriculture, Public-Private Partnership (PPP) promote and support agribusiness development through increased diversification, economic and wealth production, increased food security and market competitiveness expansion (Rottger, 2004). IFAD (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) as some of the countries where PPP have promoted agribusiness.

FAO/UNIDO (2010) appraisal of agribusiness PPP revealed that performance of agribusiness PPP in Africa was not as successful compared to those in Asia and Latin America. Studies on constraints of agribusiness in Africa (World Bank, 2013), identify unreliable policies (Brenton 2012), communal land rights and access, inaccessibility to information and technologies, skills and finances. As a result of these key constraints, the performance of agribusiness is therefore subpar.

Spackman (2002) attributes 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 milestone in agribusiness and are performing well in horticulture, tea, and rice (FAO, 2013c). 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 sought to examine the contribution of PPP agribusiness in Kenya.

STATEMENT OF THE PROBLEM

In response to the PPP 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. 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 influencedthe 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 have 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 sought to investigate how PPP in agribusiness contribute to the improvement of fruit processing enterprises.

Research Questions

The following research questions guided the study:

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

Research Hypotheses

The study was guided by the following hypotheses:

1. Greater private share in the public-private partnership does not result in greater success of agribusiness.
2. Unsolicited public-private partnership initiatives do not have greater success in agribusiness
3. Failure to keep contractual obligations does not inhibit the capacity of public-private partnerships to exploit their full potential in agribusiness.

Design

The study used longitudinal research design. It sought to describe events and attitudes of participants onthe contribution of public-private partnership (PPP) on agribusiness as well as to identify the changes in thefruit processing agribusiness between 2003-2019. This study also chose this design so as to demonstrate acausal relationship of variables.

Participant Recruitment

The sample size of the study included a total number of 67 participants who were selected through purposive, snow balling and stratified sampling techniques. Key informants were sampled using purposive and snowballing techniques. Stratified sampling was used to sample participants for the focus group discussions (FDGs). The study took into consideration 30% threshold of the population. The key informant participants were 44 selected from top and middle management in two commercial processing companiesand government agencies and non-governmental agencies. Focused group discussions were 3 with at least 7 participants selected from small-scale farmers (organized farmer groups, farmer marketing groups, middlemen or brokers).

Table 1.1: Sample Size of the Study

Participants		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.

INSTRUMENTATION

The data collection instruments included key informant interview schedules and focus group discussion guides. These were used for collection of primary data.

The study also identified individuals (7 persons) from the various actors to participate in each focus group discussion (FDGs) especially small-scale farmers (organized farmer groups, farmer marketing groups, middlemen or brokers) where most actors are accessibility. Both the key informant interviews and focus group discussions were used to solicit in-depth information from the participants.

DATA ANALYSIS

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.

FINDINGS

Research Question One: Nature of Fruit Processing Public-Private Partnership

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 1.1shows a summary of the distribution of responsibilities among the actors.

Table 1.2: 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 1.2 shows 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 represented a joint venture while sole management and financial grant represented a divestiture.

In terms of ownership of assets, Kevian shared ownership with individual farmers.; they 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 is associated with divestiture. In joint venture risk involvement was shared between the public and the private while in a divestiture the private share bore more risk dependingon the nature of asset and service. This was the case for Kevian which shared risk by incurring commercial while the public sector incurred agricultural risk. However Premier Processor bore both commercial and agricultural risks of the project.

In financing, joint ventures tend to share the responsibilities while divestiture the private sector finances the project. Kevian project which showed 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 is the responsibility of the private sector. Kevian relied on operation managers and agricultural officers (MoA) and Premier on the production and operation department. Licensing in both 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 the 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.

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. Two forms of PPP were identified; joint ventures and divestiture. We asked the participants how the nature of public-private partnership (PPP) influences the agribusiness PPPs and the responses presented in table 1.3.

Table 1.3: 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 1.3 above show the influential factors in 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 participatory between the public and the private sector while for Premier Processor, it 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. Thisconfirms Cuttaree and Mandri-Perrott (2010) articulation of PPP complexities of misconceptions and mistrust which can be 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 authoritative with the private sector being in control. Kevian project saw the private managers collaborate with project officers from Private Sector Development in Agriculture (PSDA) to manage and co-ordinate the activities of the project. Premier Processor on the other hand, wasleft 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 value for money (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 equitably shared between the public and the private while divestiture for Premier Processor was not equitably shared but assigned to the private sector. Berkeley et al. (1991) thought of identification of risks as the first step to managing PPPs appropriately. However, this was not the case for Li et al. (2005c) who found equitable 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 oversight on the other hand 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 nature of PPP plays a greater role to the success of fruit processing enterprises. The emerging trend shows 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 wasfunctional improvement in the PPP arrangements of fruit processing that led to the success of the projects.

Research Question Two: 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 initiativesdo not have greater success in agribusiness. The PPP act was used 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 1.4: Unsolicited Public-Private Partnership Support

Legal and InstitutionalSupport	Indicators	Kevian	Premier
Formulation	Tendering	Unsolicited (No Tendering done)	Solicited (Tenderingdone)
Stable System	Attract new investment	Individual farmers, brokers and financial institutions	None
	Improve production	Fruit produce and product diversification	Fruit produce (Reducepost-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 responsibilitie s	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 oversightauthority

Source: Researcher, 2019.

Table 1.4 shows 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 thepolitical and social arrangements of PPP in fruit processing enterprises.

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 showed 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 showed that unsolicited and solicited public-private initiative improved production especially on produce, had product diversification, had increased market access especially for export and increased local market access ,

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 showed 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 projects 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 enterprises. However, unsolicited initiative provided a more fluid regulatory framework supported by 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. Unsolicited initiative was guided by contractuallaw 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 laws 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-planningin 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 provided transformative changes that contributed to success of fruit processing enterprises. The study considered transformative changes toinclude 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. Unsolicited PPP initiatives had 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 had greater government involvement especially in the formulation and implementation as it needed to meet all necessary standards of competitive advantage. Unsolicited PPP initiative had also transformed the implementation process where the oversight authority gave an opportunity for collective participation as compared to solicited initiative which already had a detailed contract that dictated then who would have been the oversight authority. This lack of a clear cut oversight authority in unsolicited initiatives makes it easier to manage expectationsamong 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 fromother institutions to support the project.

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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 attracted more investors to participate in Kevian public-private partnership. The organization of farmers into groups and associations encouraged 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 1.4, we established unsolicited public-private partnership initiatives contributed to the success of fruit processing enterprises. The study established unsolicited 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. This is consistent with findings of Cuttaree and Mandri-Perrott (2010) who noted a combination of a clear, broad, and flexible legal environment as necessary to ensure the success PPP projects. Therefore the study There was improvement in the political and social arrangement of PPP in fruit processing enterprises that led to the success of the projects.

Research Question Three: 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 does not inhibit the capacity of public-private partnerships (PPPs) to exploit their full potential in the agribusiness sector. We asked participants the challenges that are related to contractual obligations, nature of public- private partnership and unsolicited public-private partnership.

The participants 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 1.5: Challenges of Fruit Processing Public-Private Partnership

<table>
<tr><th>Challenges</th><th>Indicators</th><th>Kevian</th><th>Premier</th></tr>
<tr><td rowspan="7">Nature of PPP</td><td>Form</td><td>Joint Venture</td><td>Divestiture</td></tr>
<tr><td>Decision Making</td><td>Decentralized</td><td>Centralized</td></tr>
<tr><td>Management and co-ordination</td><td>Collaborative</td><td>Authoritative</td></tr>
<tr><td>Risk Allocation</td><td>Equitable</td><td>Non-equitable</td></tr>
<tr><td>Accountability</td><td>Collective</td><td>Individual</td></tr>
<tr><td>Oversight Authority</td><td>Bilateral</td><td>Unilateral</td></tr>
<tr><td>Approaches</td><td>Unsolicited</td><td>Solicited</td></tr>
<tr><td rowspan="4">PPP initiatives</td><td>Legal Framework</td><td>Contract law</td><td>MoUs</td></tr>
<tr><td>PPP Formulation Process</td><td>Non-inclusive</td><td>Inclusive</td></tr>
<tr><td>Governance</td><td>Unclear PPP oversight authority</td><td>Clear PPP oversight authority</td></tr>
<tr><td>Financing</td><td>Outsourcing of funds</td><td>Revolving Fund</td></tr>
</table>

Source: Researcher, 2019.

Table1.5 shows the challenges of Public-Private Partnership in agribusiness especially fruit processing industry.

The study found 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. Decision making in joint venture was fast and efficient as each actor was in-charge of various responsibilities making the activities run smoothly.

However, in 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 for divestiture, it was authoritative. Collaborative management ensured that stakeholder's expectations were managed while the authoritative one did not. Moreover, 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 is similar to 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 in divestiture, it 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 consistent with findings by Delmon (2010) who viewed PPPs as institution strategies used to increase financial access, shared risks, and address challenges of agricultural development.

Accountability in joint ventures was collective and in divestiture, it 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 in divestiture, it was unilateral. Joint venture meant that each partner's interest was considered while in divestiture, it meant that only one partner's interest was considered as opposed to the others. Thus, a divestiture is disadvantageous when it comes to PPP and public interest.

Table 1.5 shows the 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 1.5, 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.

CONCLUSION

Public-private partnership (PPP) has contributed to the improvement of agribusiness in Kenya, especially in the fruit processing industry. The improvement includes 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 sharedvalues for stakeholders in the fruit processing industry.

RECOMMENDATION

The study recommends:

1. The public and private sectors need to promote PPP arrangements that are economically viable, affordable and consider appropriate risk allocation.
2. There is need to review public-private partnership concept formulation procedure to ensure it is transparent, fair, inclusive and competitive for PPP arrangements.
3. The study recommends that further research to the role of revolving funds to public-privatepartnership life cycle.

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