



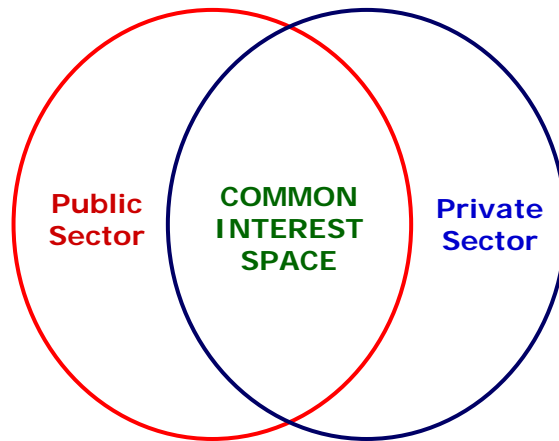
Public-Private Partnership in Agriculture in Nepal

Ministry of Agriculture &
Cooperatives

Presentation Outline

- **What is PPP**
- **Why PPP in Agriculture**
- **PPP Policies in Agriculture**
- **Detail about MoAC PPP Guideline**
- **PPP Program Initiatives in Agriculture**
- **Some Learning**

What is PPP



What is PPP ...

Cooperative action, agreed to be performed by two or more than two government or non-government organizations (registered under prevailing law) having similar goal, objective or interest, to achieve certain objective.

- MoAC Guideline

Why PPP in Agriculture

- **Main source of livelihoods**
- **Industry of life support**
- **Contributes 35% to GDP**
- **Single largest sector contributing to GDP**
- **Employs 66% people directly**

Why PPP in Agriculture ...

- **Challenges of feeding ever increasing population**
- **Increasing complexity in agricultural development**
- **Increasing demand for technical and other kinds of supports needed at:**
 - **Pre-production;**
 - **Production; and**
 - **Post-production stages.**
- **At present, the public sector is the main source for such support services.**

Why PPP in Agriculture ...

Some Indicators:

- **FEW : Farm family ratio = 1:2,500**
- **FEW : Cultivated land = 1:1,085 ha**
- **ASC : VDC/municipalities = 1:4**

PPP Policies in Agriculture

- **National Agriculture Policy, 2061**
- **Agri-business Promotion Policy 2063**
- **Other Policies, Acts, Regulations and Orders**
(5 Policies, 5 Acts, 4 Regulations and 2 Orders)
- **MoAC Program Implementation Guideline on Contract and Partnership, 2061**

MoAC Program Implementation Guideline for Contract and Partnership, 2061

MoAC Guideline for Contract and Partnership, 2061

Partnership Program Activities:

- **Need identification**
- **Feasibility study**
- **Organizational development such as group formation, mobilization, management, and capital formation and development in farmer groups**
- **Technological development**
- **Capacity building**
- **Training**
- **Workshop**

Partnership Program Activities ...

- Formulation, monitoring and evaluation of plans
- **Market management and promotion**
- **Production and distribution of agricultural inputs**
- Community based income generating programs
- **Impact evaluation**

Partnership Program Activities ...

- **Baseline survey**
- Insurance
- **Other MoAc program activities**
- **Other program activities which can be performed as per the Guideline**

Contract Services

- **Consultant services**
- **Motivators**
- **Team Supervisors**
- **Field Team**
- **Enumerators**

Major Tasks Defined for Contract and Partnership

- **Prepare the list of all national and local NGOs**
- **Participative approach for selecting contract or partnership activities**
- **Approval of program budget for contract or partnership activities**

Formation of PPP Implementation Committee

1	Chief of the office or the officer designated by him	Coordinator
2	Personnel responsible for planning	Member
3	Concerned expert	Member
4	Chief of account of concerned office	Member

The office chief has the authority to add one more member in the committee.

Types of Partnership

- 1. Direct Agreement Partnership**
- 2. Partnership through Competitive Bidding**

1. Direct Agreement Partnership Activities

- **Partnership activities which does not involve financial burden to GoN.**
- **Program activities which involve upto NRs. 1 Lakh from GoN side.**
- **Other activities which can be done in partnership between government, semi-government and local bodies (DDC, VDC and Municipalities).**

2. Competitive Bidding Partnership Activities

- **Adopt 2-envelop system for the submission of technical and financial proposals separately.**
- **Publish notice in local or national newspaper with minimum of 15 days time for the submission of proposal.**
- **Allocate 70 marks for technical 30 marks for financial proposals.**
- **Open financial proposals only of those bidders who secured minimum of 70% in technical proposal.**

Competitive Bidding Partnership Activities ...

- Assign 100% marks for the bidder with lowest financial proposal. Allocate other financial proposals based on this.
- Rank bidders based on the sum of marks obtained in technical and financial proposals.
- The highest scorer should be ranked first.
- The highest scorer to be invited for agreement with one week notice
- The second ranked bidder should be awarded if the first does not come for agreement. Similarly, the third ranked bidder is awarded if the second ranked bidder does not come for agreement.

Technical Evaluation

Marks obtained in the evaluation (FM=70):

a = 90

b = 85

c = 80

Weighted marks of the evaluation:

a = 63

b = 59.5

c = 56

Financial Evaluation

Financial proposal:

a = NRs. 150,000

b = NRs. 130,000

c = NRs. 120,000

Weighted marks of financial evaluation (FM=30):

a = 24

b = 27.7

C = 30

Final Evaluation

Bidder	TP Marks	FP Marks	Total Marks	Inference
a	63	24	87	Bidder 'b' is selected
b	59.5	27.7	87.2	
c	56	30	86	

PPP Program Initiatives in Agriculture

- **One Village One Product Program**
- **District Programs: DEF and LIF**
- **Competitive Grant System: NARDF**
- **Agricultural Commercialization: CADP**
- **Seed Multiplication**
- **Cooperative Shops and Cooperative Farming**
- **Development of Collection and Market Centers and Cold Storage**

PPP Program Initiatives in Agriculture

- **Exhibitions**
- **Crop Insurance**
- **Small Irrigation Programs**
- **Grants/Subsidies: Reeling and Twisting Industry and Tea Processing Plant**
- **Establishment of Chilling Centers**
- **Share in Powder Milk Industry**

1. OVOP

- **Commodities**

- Junar/Sweet Orange: Sindhuli & Ramechhap
- Lapsi (*Choerospondias axillaries*): 12 VDCs of Bhaktapur
- Bel (*Aegle marmelosin*): Bardiy & Siraha
- Ranibow trout: Rasuwa & Nuwakot
- Orchid: Lalitpur
- Agro-tourism: Lekhnath Municipality, Kaski

- **PPP Model:**

MoAC + AEC/FNCCI + Farmers

- **Cost Sharing:**

MoAC 92% + AEC/FNCCI 8%

2. Agricultural Commercialization: CADP

- **Model:**

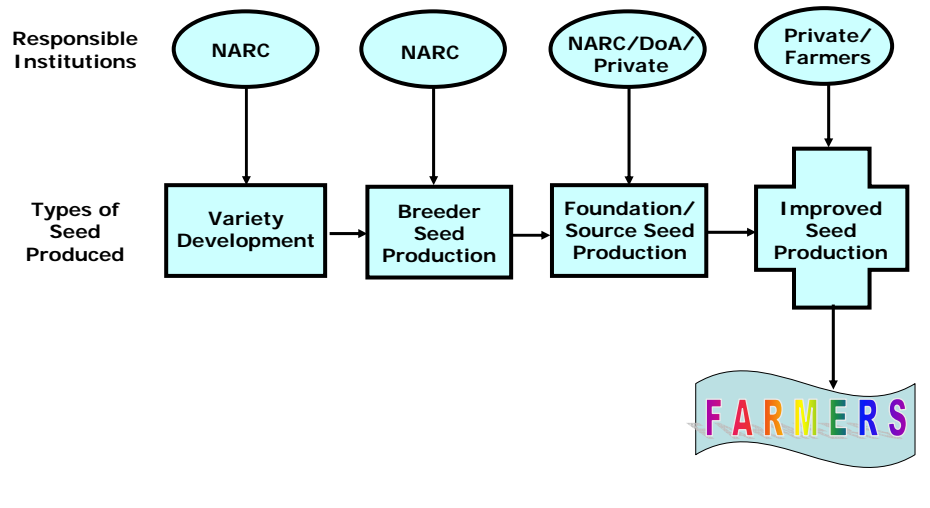
MoAC + CAA + Farmers

- **Cost Sharing:**

Infrastructure Package – CAF 50% + CAA Members 50%

Non-infrastructure Package - CAF 85% + DDC 15%

3. Partnership in Seed Multiplication



4. Development of Collection and Market Centers and Cold Storage

Butwal Agriculture Commodity Wholesale Market

- **Model:**

MoAC + Municipality + Lumbini Fruit and Vegetable Wholesalers Association

- **Cost Sharing:**

MoAC 60% + Municipality 20% + Association 20%

5. Crop Insurance

**Agriculture Insurance Multi-purpose
Cooperative, Kawasoti, Nawalparasi:
Banana**

Budget

MoAC 0.5 million as Seed Money

6. Grants/Subsidies

Reeling and Twisting Industry

• **Model:**

MoAC + Industrialist: Competitive Bidding

• **Cost Sharing:**

MoAC 50% + Industrialist 50%

7. Establishment of Chilling Centers

- **Model:**

MoAC + Association/Group + Farmers

- **Sharing:**

MoAC-Equipment + Association- Mgmt.
+ Farmers-Milk

8. Share in Powder Milk Industry

- **Model:**

DDC + Industrialist + Farmers

- **Sharing:**

DDC-NRs. 20 million as share +
Industrialists-Other investment +
Farmers-Milk supply

9. Milk, Meat and Paravets: CLDP

- **Model:**

DoLS + Entrepreneurs

- **Activities:**

- Dairy Shop Improvement
- Meat Shop Improvement
- Animal Hat Bazar
- Slaughter Spots
- Slaughter House
- Animal and Poultry Collection Center
- Equipment for Paravets

Some Learning

- **Different incentive structures for public and private sectors.**
- **Insufficient minimization of costs and risks in partnership.**
- **Inability to overcome mutually negative perceptions.**
- **Insufficient access to information on successful partnership models.**

Can we Define PPP as:

- **Common interest**
- **Agreement**
- **Contribution in terms of sharing cost or minimizing cost**
- **Enhancement of efficiency in terms of:**
 - **Resource utilization**
 - **Output gains**
- **Risks and benefit sharing**

