PUBLIC-PRIVATE PARTNERSHIPS FOR AGRICULTURAL INNOVATION:
LESSONS FROM RECENT EXPERIENCES

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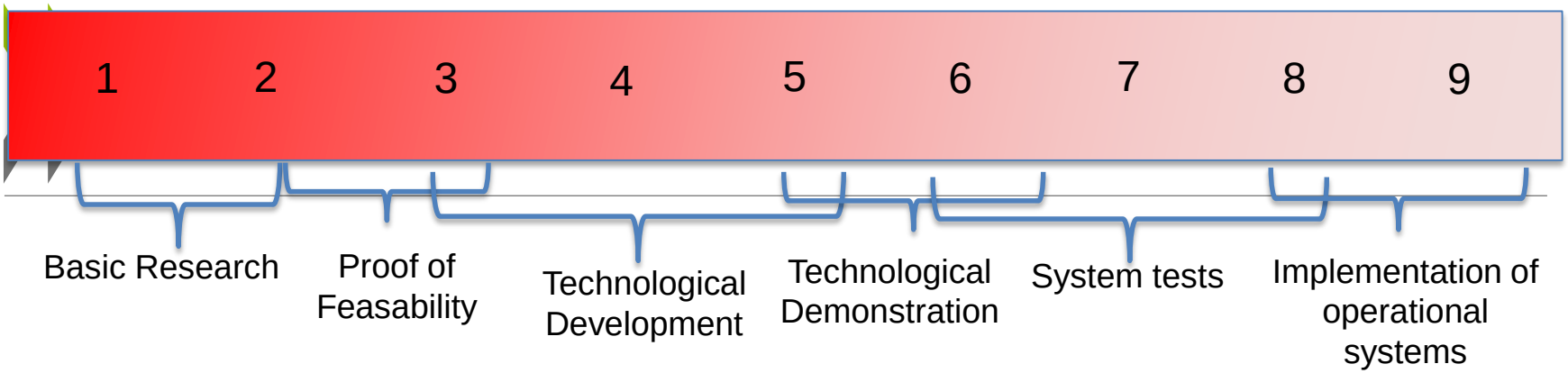
BETTER POLICIES FOR BETTER LIVES

Agricultural innovation context

- Objectives: PPPs to improve the performance of agricultural innovation systems and increase the impact of public funds
  - Better adaptation to sectoral needs, thus wider and more rapid adoption of innovation
  - Focus public funds on areas or steps in the innovation chain where the private sector does not invest (TRL scale)
- What is different in agriculture? Participation of farmers/communities, value-chain approach (including agri-food SMEs), role of extension/knowledge brokers, PPP for research but also for knowledge and innovation diffusion
- Boundaries: PPPs can be defined more or less narrowly or formerly; definition of agricultural innovation activities

Technology Readiness Level scale



Collaborative approach → Partenarial approach (B2B)

Knowledge and publications → Intellectual property

Public funding → Private funding

Uncertainty of explored possibilities

Investment required for implementation

High genericity → Dependency to local conditions

OECD definition of PPPs for innovation

- Any formal **relationship or arrangement** over fixed-term/indefinite period of time, between **public and private actors**, where both sides **interact in the decision**-making process, and **co-invest** scarce resources such as money, personnel, facility, and information in order to achieve specific objectives in the area of science, technology, and innovation.
- To distinguish PPPs from pure contract research or purchase of services and equipment, additional characteristics are that these **collaborative research or innovation efforts are carried out jointly, co-financed by public and private partners,** and may or may not be institutionalised in a designated entity.

General considerations

- There is a wide variety of PPPs: scale, number and type of partners, time, national or international.
- Rationale to join forces is when individuals alone cannot produce the same service or output, or do it at higher cost (response to policy, market and coordination failures)
- For governments, PPPs are:
  - A means to increase the impact of public funds
  - A policy option among others
- Requirements: shared objectives, mutual benefits and complementarity in human and financial resources
- Costs and benefits should guide participation
- Good governance and government leadership are essential for success

Good practices: Selection of projects and participants

- A stringent competitive process where proposals have to compete, based on the quality of their scientific content, their industrial relevance and the soundness of their business plan.
- International openness for firms and research organisations
- Participation of small firms encouraged but not to the detriment of success.
- Prior agreement on intellectual property rights (IPRs). Detailed contractual provisions should be left to partners, but a necessary condition for government support.

Good practices: Optimal financing

- Leverage. The cost-sharing arrangements should ensure high reciprocal leverage.
- Long-term commitment. Support from government should be guaranteed for a sufficient long period (e.g. at least 4-5 years, up to 7 years)
- A ceiling to government subsidy.
- Flexibility in financial and other arrangements, depending on the area, the stage of innovation, and over time as PPPs mature.

Good practices: Evaluation

- Ex-ante, interim and ex-post evaluation are all necessary.
- Assess behavioural additionality.
- Involvement of foreign scientific, technological and business experts, given the limited pool of national expertise, possible conflict of interests.
- Systemic evaluation of the portfolio of PPPs, and not only individual PPPs, including the interaction with other policy instruments.
- Evaluation should be closely linked to all decision and learning processes. To inform policy makers about the economic impact of public investment, but also other actors.

Enabling funding mechanisms

- Can be for all innovation activities or specific to agriculture
- Public funds subject to PPP participation:
  - Top sector policy in the Netherlands.
  - Cooperative Research Centres (CRC) programme in Australia
  - Agri-Science clusters as part of agriInnovation in Canada
  - Research and Development Corporations (RDCs) in Australia
- Public funds with private co-funding:
  - CASDAR in France for applied research and extension
  - Foundation For Food and Agricultural Research in the US with public funding and matching funds
- Strategic programmes
- More generally, project-based funding mechanisms

Enabling policies and institutions

- Stable business environment – capacity building
- IP rules, contract enforcement,
- Sharing of knowledge (in PPP management), training
- Support to SMEs
- Mechanisms to identify common objectives: Networks (EIP), Platforms, Centres of excellence, Value Chain round Tables, joint research centres
- Strategic Centers for Science, Technology and Innovation (SHOK) in Finland
- Contracts: e.g. Cooperative R&D Agreements in the US
- Labelling of institutes (Carnot institutes in France).

Policy considerations: conditions

- PPPs are not a panacea but can be an interesting option to pursue common goals
- Government should not be prescriptive about PPPs, but provide incentives that enable them when cost-efficient
- Not one size fits all, but important steps:
  - to develop shared goals, using existing networks and including all partners at early stage
  - Develop a clear business case with well-defined public interest
  - Check that PPPs are the best option

Policy considerations: governance

- Governance ensuring good use of public funds remains in the public sector, but management can be shared. Consultations by stakeholders at different stages
- Projects should include clear definition of targets, governance rules, and arrangements for sharing costs, risks and results.
- Governments need to provide incentives, where needed, to promote investment in R&D for non-private goods, social return and long-term objectives. Government's share should be commensurate with public benefits.
- More monitoring needs to be done to track progress and failures and identify when interventions may be needed.
- Evaluation procedures should be linked to funding arrangements. They allow for adaptation, but also for sharing experience about what works or does not work.

Policy considerations: capacity building

- PPPs need able partners; they cannot replaced a failed state.
- Training for leaders in public sector, academic research, producer organisations for soft skills in communication, negotiation and business management is key to success..
- Particularly for agriculture technology projects, business skills are needed among non-industry actors where IPR, marketing and commercialisation are involved.
- Better understanding of each others' culture.

For more information

- Moreddu, C. (2016), "Public-Private Partnerships for Agricultural Innovation: Lessons From Recent Experiences", OECD Food, Agriculture and Fisheries Papers, No. 92, OECD Publishing, Paris.
- http://dx.doi.org/10.1787/5jm55j9p9rmx-en

- Country reviews in www.oecd.org/agriculture/policies/innovation

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