Public-Private Partnerships for Agricultural Innovation and Productivity: Views from the Private Sector

BIAC Issues Paper

10 October 2014

This BIAC paper raises views from the private sector perspective that we encourage the OECD and its member governments to consider in the context of the Organization’s ongoing work on partnerships for agricultural innovation and productivity. Specifically, we call attention to the following four recommendations:

- Be clear on the different definitions of partnerships.
- Build an enabling environment conducive to partnerships.
- Ensure coordination along the entire food chain.
- Promote good practices for partnerships and share lessons learned.

1. Productivity and Innovation for Food Security: The need for partnerships

There are few parts of our economies that face such intense and uncertain pressures as the global food and agricultural sector. It stands on the frontline against myriad natural and manmade challenges, ranging from extreme weather conditions, climate change, floods and droughts, to competing demand for resources, barriers to global value chains, sudden shifts in policy, and intense price volatility. At the same time, the sector is challenged to serve the most basic human needs by providing food that is sufficient and sustainable, both in quantity and quality, for an ever-growing world population.

Faced with such conditions, the only sustainable approach for global food security lies in increasing productivity. Crucially, this depends upon the ability of the food and agricultural sector to innovate: different actors along the food chain need new tools and practices that improve productivity more than ever before, as well as the knowledge and skills to use them responsibly.

But to harness the full power of innovation, there is a need for substantial investment, cooperation and knowledge-sharing. One way to make this possible is through the partnership of public and private sectors, working together for mutual growth and benefit. Such collaborations allow for goals, resources, expertise and risk to be shared, thereby ensuring scientific innovations and good practices to become valuable tools for farmers and other actors along the food chain.

Successful public-private partnerships can, for example, improve the efficiency of developing locally-adapted innovation, enable distribution of technology, make the most of sustainable agricultural...
practices, promote the responsible application of new technologies, and provide social and economic value to farmers and communities.

2. Private sector views on partnerships for agricultural innovation

In order to harness the full potential of public-private partnerships, the following business recommendations should be taken into account.

a) Clarify the definition of partnerships

The term public-private partnership (PPP) is increasingly employed to cover a wide range of different kinds of partnership. It is therefore important to clarify these different interpretations, as different partnerships entail different working arrangements and policy approaches.

For instance, a partnership can refer to a contractual relationship, a joint venture company, an informal relationship, cooperation based on corporate philanthropy, or a strategic alliance, among others. Clarity in the definition is crucial for understanding the roles of different parties in any given partnership. Non-contractual partnerships should be examined more closely, as there tends to be less advice available on creating and managing such partnerships.

b) Build an enabling environment

Improving the domestic policy, legal, regulatory, institutional, and macroeconomic environment is not only good for sustainable economic growth, but also for agricultural partnerships. Rule of law and effective institutions are the bedrock of our economies and societies, without which sustainable development – including food security – would be impossible. Additionally, partnerships depend on policy consistency and overall macroeconomic stability, which are key conditions for market confidence to trade and invest.

Putting oneself into the mindset of an actor in the food chain, such as a farmer or food retailer, one quickly recognizes the importance of these conditions. Burdensome regulatory barriers, regulatory instability, lack of rule of law, corruption, weak intellectual property rights, and extreme macroeconomic volatility are just some of the factors that can easily cripple agricultural partnerships and the benefits that they deliver to economies and societies.

c) Ensure coordination along the entire food chain

Public and private sectors engaging a new partnership for agricultural innovation need to be able to understand how their specific partnership can complement the many other partnerships that exist. A coordinated strategy with effective communication among all relevant actors is needed in order to make most efficient and effective use of resources. This requires looking at the entire food chain and examining how the objectives of partnerships in one part of the chain could impact upon, and possibly enhance, partnerships in other parts of the chain. Multi-stakeholder partnerships also call for a spirit of understanding, mutual learning and compromise, with all partners’ interest at heart.

d) Promoting good practices for partnerships and sharing lessons learned

The OECD, in carrying out its work on agricultural innovation and productivity, is uniquely well-placed to promote good practices for effective partnerships and to share lessons learned from country experiences. This helps public and private sectors alike to continuously make improvements to

---

partnerships and maximize their impacts. The OECD Food Chain Network meeting on 13-14 October 2014 is one occasion by which to exchange good practices, and further opportunities should be sought as the OECD work continues. While there is no one-size-fits-all approach to a successful partnership, BIAC highlights the following good practices in particular:

**Ensure there are mutual benefits**
The public and private sectors participating in a partnership should each do so on a voluntary basis for mutual benefit. Each collaborative effort is a unique partnership with its own set of mutually agreeable terms and objectives, roles and responsibilities, and shared capacity-building and resources.

**Develop clear contracts**
In cases of a contract-based PPP, partners must recognize, acknowledge and accept what each sector can offer – from resources, talent, relationships or knowledge. Contracts should unambiguously determine the division of tasks, and the distribution and use of any commercial rights emerging in connection with a partnership project. Topics such as liability and intellectual property require special attention.

**Identify obstacles**
Partners should discuss potential obstacles as early as possible, such as exclusivity, commercial exploitation, timelines, and confidentiality. A formal signed Memorandum of Understanding between the parties can be helpful in setting the framework for negotiations.

**Build an appropriate level of transparency**
Partnerships rely on a spirit of openness and transparency, including clear lines of communication and respecting and being receptive to different solutions and ideas. But partners need to understand and respect each other’s communication requirements – whether for privacy and institutional competitiveness, or for scientific information-sharing and public awareness-raising. For example, the private sector often maintains a culture of privacy in R&D and seeks respect for intellectual property, given the expense involved in generating innovation. Ensuring full transparency and yet enabling collaborators to keep some competitive advantage is a recurring challenge, and thus commercialization rights should be agreed and defined explicitly at the start of a partnership.

### 3. Conclusions

Recognizing that innovation and productivity are central priorities for the food and agriculture sector, partnerships offer a valuable means to harness both public and private resources for mutual gains. But partnerships only work if the right conditions are in place. It must be clear what sort of partnership is actually being referred to, which enabling factors are needed, which parts of the food chain are concerned, and what aspects of the partnership require careful attention in order to enhance effectiveness and mutual trust. In this respect, the OECD has a unique role to play in sharing good practices and lessons learned to policymakers around the world.