Public private partnership

Definition

- Public sector agencies (federal, state, or local) join with private sector entities (companies, foundations, academic institutions or citizens) and enter into a business relationship to attain a commonly shared goal that also achieves objectives of the individual partners.

Typical Uses

Contracting with a private company to:

- Renovate
- Construct
- Operate
- Maintain
- And/or Manage a facility or system

Why

PPP - tool that can help governments meet demands for the development of modern and efficient facilities, infrastructure and services while providing value for taxpayers.

Benefits

Timely and Expedited project completion

Project cost savings

Improved quality

Use of private resources

Access to new sources of private capital

Basic characteristics of PPP

- Shared goals
- Shared resources (time, money, expertise, people)
- Shared risks
- Shared benefits

Typical Funding Sources

Tolls

Fees

Grants

Loans

Bonds

PPP in Agriculture: Opportunities

- Infrastructure development: Market/storage etc
- R & D, Education, Extension services
- High-tech Agriculture
- Contract farming
- Agro-base company
- Agro-processing industry
- Mechanization industry
- Input industry
- Agro-services sector
- Youth power and skill

PPP in Agriculture: Challenges

- Agriculture is declining industry
- Natural resources decline
- Food/nutrition security
- Climate change
- Diversified situations
- Unskilled human resource
- Investment and profitability
- Risk and uncertainties

PPP Models

Design-Build – Finance- Operate (DBFO)
Operations & Management Contracts
Leasing – Contracts
Build-operate-transfer (BOT)

Source : IMF & European Commission

Fundamentals of good PPPs

- Productive PPPs require the formation of platforms which to
  - assemble relevant partners
  - identify incentive compatibility
  - agree on mutual objectives
  - assign roles and responsibilities
  - protect and agree on how to exploit IP
  - partners benefit in a win-win situation