



SEARCH



Glossary

Impact investing: The practice of investing in companies, NGOs, programs, projects, and funds with the explicit intention of generating both financial returns on the investment as well as social and environmental impacts.

Private sector: For the purpose of this paper, the private sector consists of organizations with private interest goals (for-profit) rather than public interest goals. It is recognized that the lines between public and private sectors are not definitive. There are, for example, many hybrid entities that have elements of both public and private interest goals.

Public-private partnership (PPP): The definition of this term varies widely and there is continuing debate about what constitutes a public-private partnership. In this paper, the term is used to describe a collaboration between public and private sector entities in which partners engage in the activities of the partnership, sharing in the costs, benefits, and risks (1). A distinction is drawn between partners engaged in activities and entities whose sole purpose is financing; the latter is not considered a partner in a PPP. An NGO's public-interest project with funding from a company, for example, is not considered a public-private partnership.

Public sector: This paper uses the term public sector to describe an organization with a public interest mandate, including: universities, foundations, aid agencies, international organizations, NGOs and others. The term is used to distinguish the functional mandate of an organization, rather than its legal structure.

Introduction

Collaborations across public and private sectors are needed to address the challenges facing our planet.

Increasingly, we are turning to public-private partnerships (PPPs) to create social and environmental changes. Today's PPPs, though, are far removed from those of past decades where governments and companies would partner to build infrastructure or provide public services.

In agricultural development, PPPs are found throughout the value chain, from input supply through to the sustainable sourcing of commodities from smallholder farmers.

PPPs in telecommunications, banking, and IT are also changing the lives of poor farmers around the world. These partnerships are becoming more common in agricultural development, and they are attracting larger investments.

Grow Africa, for example, is a US\$3.5 billion consortium of companies, public sector organizations, the World Economic Forum, and the African Union, investing in African agriculture (2).

The challenges of structuring and managing PPPs in agricultural development are becoming more familiar, but some areas remain relatively unexplored. Critical gaps in our knowledge relate to the use of metrics in PPPs and strategies to manage data across the public-private interface.

Questions about what you measure, how you measure it and with whom you share the data are approached very differently by companies and public sector organizations, and the compromises reached will have tremendous impact on the course of agricultural development.

Why Should We Care About Metrics in PPPs?

We are all familiar with the old adage, 'you can't manage what you don't measure.'

Metrics can improve public-private partnerships by creating a foundation for evidence-based decisions to make real-time changes in operations when they are needed.

Metrics can improve the allocation of resources and create incentives that drive behavior in parties at all levels of the PPP. Improved management of PPPs through the use of metrics frameworks will lead to more efficient progress toward agricultural development goals.

In addition to better management of PPPs, however, metrics are important for learning. Each partner has the potential to get better at the craft of structuring and managing PPPs, but those lessons can also be codified for widespread application through the measurement of successes and failures.

More broadly, we also need evidence of whether PPPs really are a good way of realizing social and environmental impacts. The champions of PPPs who hail them as an efficient instrument of development thus far do not have strong evidence indicating whether PPPs really do accomplish public interest goals.

Lastly, the management of data across the public-private interface is paramount to the future of agricultural development. In global business, we have entered an era where the strategic use of data is an increasingly important determinant of success (3). Companies with the tools to collect, analyze and create business opportunities from data are at a competitive advantage.

The powerful new uses of data are poised to also revolutionize international development.

As it becomes more common for PPPs to generate data, there is a need for strategic data management to ensure these valuable resources continue to support public interest goals. PPPs may also develop with the purpose of accessing sources of data and analytical tools. We have seen this for many years already in plant genomics PPPs (4).

Either way, data issues are likely to be at the core of more and more PPPs in agriculture.

Practical Difficulties in Metrics and Data Management Strategies

Despite the value of good metrics and data management strategies, those who have worked to develop PPPs know how difficult it can be to reach agreement.

There are many differences in how public and private partners approach metrics and the use of data in PPPs. Private partners in a PPP have concerns that affect confidentiality of the management data and what to measure.

Cost concerns are different between public and private partners, as are time frames. A public sector partner may be familiar with after-the-fact, expensive and in-depth monitoring and evaluation frameworks found in the academic world. Companies, on the other hand, may insist on real-time data and weigh the cost of obtaining data against the value they deliver.

These are only a few examples in a panoply of differences in how public and private sectors approach measurement and data management strategies.

Also, any previous commitments the partners have to measurement standards need to be accommodated. These may come directly from organizations like the Global Reporting Institute, or the Global Impact Investing Network's IRIS or others.

Donors or impact investors funding a PPP sometimes attach inflexible metrics frameworks to their investments.

Previous commitments may also be rooted in a belief in the value of one type of tool, such as randomized control trials, or they may derive from partner's historical commitment to a particular measure.

Creating a metrics strategy in a PPP can be further hindered by a mismatch in the skills of the people engaged.

Legal and management staff charged with setting up a PPP may not be the right people to craft a creative metrics and data management strategy that includes institutional commitments, heeds organizational constraints, complies with intellectual property rights policies, acknowledges capacity differences, supports partners' goals and other factors.

Bringing in expertise from outside is a possibility. The common decision made by organizations considering whether to invest in training staff or hire-in external expertise exists here.

As a partner engages in more partnerships, it may become worthwhile to develop in-house expertise, but newer entrants and smaller partners will seek consultants with external expertise.

Field experts in monitoring and evaluation or metrics will bring a wealth of sector-specific knowledge. They may, however, lack appreciation for the nuances of the public-private interface and, especially, be unfamiliar with newer models of dual use in data management where partners seek to commoditize data while also 'do good' with it.

A Role for Donors

Given the challenges faced by PPPs as they try to implement smart metrics and data management strategies, donors in agricultural development have an important leadership role to play.

Many governments, foundations and impact investors finance PPPs with the belief that that they are critical tools for accomplishing public interest social and environmental goals, and that PPPs provide prudent investments for scarce development funds.

These claims, for the most part, have yet to be corroborated. Donors can take the lead in creating better metrics to assess the impact of PPPs in agricultural development.

The role of donors is broader, though, than their responsibility to measure the impact of PPPs. They have a vested interest in improving the quality of PPPs and supporting their success.

For this, donors need to be active in promoting best practices in the aspects of metrics strategies that improve real-time operations of partnerships and create incentives within partnerships.

For some donors this leadership role will be challenging, requiring the ability to step away from their more public-sector historical use of metrics and embrace the ways in which modern companies collect and use data.

Other donors are more at the cutting edge of measurement issues at the public-private interface.

Perhaps most importantly, donors need understand new models of data management for public-private projects. In agribusiness, as elsewhere, companies are using data in new ways and on an unprecedented scale.

Without leadership from donors, public sector partners entering into PPPs may make critical mistakes in data management strategies with far-reaching implications.

Regardless of how they choose to take the lead, the call to action is clear. Donors have new responsibilities to support better metrics and data measurement strategies in the agricultural development PPPs they fund.

References

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Comments

