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Toward Global Partnership in Agricultural Research

The Needs and Opportunities for Agricultural Research From the Perspective of the Private Sector

The attached paper is circulated as an input into the discussions leading to the Declaration and Action Plan for Global Partnerships in Agricultural Research.

Distribution

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Private Sector: Carol Amaratunga, Member, Private Sector Committee

Preamble

Good Morning Mr. Chairman and distinguished delegates.

It is an honour, as a member of the Private Sector Committee (PSC) to address members of the Global Forum during this International Centre's Week Centre's 1996 "The CGIAR at 25: Into the Future".

As we reflect on the anniversary theme, the need for building trust and enhancing CGIAR private sector partnership emerges as one of most pressing challenges. In this address I will attempt to present a private sector perspective as it pertains to the needs and opportunities for collaborative agricultural research.

Quite simply, there are many actors involved in international agricultural research. The PSC is interested in strengthening research partnerships or alliances among the various actors. One of the purposes of this paper is to provide a better understanding of the private sector: its interests, priorities, and motivation.

In 1996, the private sector in the USA alone contributed more than $500 million dollars to agriculture related biotechnology research and development. The private sector has arrived as a life sciences research leader and is actively searching for new research partners in areas pertaining to biotechnology, genetic resources, management practices and training.

We need to begin therefore by revisiting certain critical assumptions and by reviewing popularly held characterizations about the private and public sectors. It is important that we begin to reconcile the apparent differences between these two domains and to look for common interests and areas for cooperation.

Forging Productive Working Alliances

The mission of the PSC is to:

- provide private sector perspective on the current status of global agricultural research and needs
- foster and develop new programmatic partnerships
Let us be clear. The private sector:

(i) is interested in profit, growth and the development of future markets
(ii) respects intellectual property and international agreements
(iii) is willing to work with all partners respecting certain entitlements
(iv) is prepared to invest in research and development provided it can "capture value".

There are however, certain divisive conceptions about both the private sector and public sector which often present impediments to constructive dialogue:

5 Divisive Conceptions about the Private Sector (PS)

The private sector is:

* homogeneous - all companies are the same
* only concerned about profit - the only bottom line
* not concerned with effective environmental, social or biosafety issues e.g. has no "ethics"
* not in favour of "benefit sharing" with the public sector
* not interested in working with the public sector

5 Divisive Conceptions about the Public Sector

The public sector is:

* homogeneous - all bureaucracies are the same
* not interested in cost recovery or efficient development
* self righteous about biosafety, the environment, and social issues
* not prepared to consider "benefit sharing" with the private sector
* not interested in working with the private sector
For our purposes, the Private Sector Committee of the CGIAR is interested in identifying common interests and common ground for collaborative research. As a starting point it may be useful to consider ways and means for the reconciliation of the two domains or solitudes.

Some Not So Divisive Conceptions:

The public and private sectors may hold certain values and interest in common. Both may:

- exhibit dynamic learning cultures - there may be a continuum of behaviours e.g. "entrepreneurial" government programs, business councils for sustainable development, social and environmental responsibility
- be interested in issues of both cost efficiency and effectiveness
- be concerned about biosafety, the environment and social issues/poverty alleviation
- believe in "benefit sharing" and giving credit where it is due
- be interested and motivated to develop real partnerships which are mutually beneficial and may have synergetic outcomes
- be in agreement that the key to sustainable economic development is poverty alleviation and increasing the world’s food supply.

Why Should the Private Sector Care?

There are 3 good reasons why the private cares about sustainable agricultural development:

1. The carrying capacity of the planet is finite
2. The future depends on our ability to rationally manage natural resource capital
3. Green business is good business - the market is demanding environmentally friendly products

The PSC believes that the private sector increasingly will emerge as an "additional and/or alternative source of supply" to national and CGIAR systems for agricultural research and dissemination on international problems of significance.
Progressive private (as well as public sector) enterprises are focussing attention on:

(i) full cost accounting - strategic planning to anticipate future costs
(ii) the identification of global needs and markets for new "green" products and services
(iii) reduction of waste and "throughput" through economic incentives
(iv) enhanced productivity
(v) integrity of the environment and the preservation of biodiversity

The outcome from cooperative international agriculture should result in:

* increased food production with waste stream reduction
* less duplication of R & D effort - sharing of best practice
* design of new public policy frameworks
* the emergence of new business relationships and models

One of the purposes of the Private Sector Committee is to provide advice to the CGIAR and to help identify areas of common interest. It is likely we will begin to see more convergence rather than divergence between sectors, particularly as the public sector becomes more entrepreneurial and the private sector becomes more engaged in sustainable development.

New trends in biotechnology, alternative means of controlling the flow of proprietary information, biosafety and ethical concerns, require the experience, collective wisdom and commitment of all the players: the public, private and NGO sectors. A closer working relationship among these sectors will result in greater efficiency and effectiveness in agricultural research, with less duplication of effort and energy loss.

The PSC has reflected upon present "gaps" in international agricultural research and the areas which require improvement.

Specifically we need:

(1) to forge productive working alliances e.g. - to identify prerequisites for creating successful and sustainable relationships, to design and develop partnership mechanisms

(2) to identify the most important problems affecting sustainable agriculture and food security in developing countries

(3) to agree upon a collaborative strategy and areas where CGIAR-Private Sector collaboration can and will make a major difference.

(4) to build trust and mutual respect.

Towards a Collaborative Strategy

As the first year of the Private Sector Committee draws to a close, several areas for discussion have been highlighted. These are clustered as follows:

* Raising Awareness and Marketing the CGIAR to the Private Sector, identification and promotion of public private partnership opportunities
Building Sustainable Public Private Sector Coalitions. developing Collaborative Mechanisms for Interaction between PS and IARCs/NARS

Collaboration on Biotechnology and safe practice, development of new "tools", use of genetically modified organisms, cooperative Research and Management Practices - biosafety protocols and regulation

Dialogue with host country regulators - Sharing of benefits and Responsibilities, Storage and Marketing of Seed, Natural Resources Management

Settlement of Intellectual Property Rights/Assets and determination of guidelines for confidentiality

Enhancement of Private Sector access and two-way consultation pertaining to Genetic Resources, Germplasm Conservation (role of private genebanks), Biodiversity, Orphan Crops

Direct support for On-Farm Research, Farmer's Rights, Extension Services and Assistance to Small Farmers, and Training

The PSC recognizes that there are issues pertaining to the rational management of global genetic resources and that these issues are constantly evolving. Global change, new biotechnologies, the Convention on Biological Diversity, and new perspectives pertaining to the sharing of benefits and responsibilities have resulted in a "shift" of focus from common property rights or "common heritage" to "national sovereignty" with attendant concerns pertaining to in-situ conservation, protection and regulated access to the resource.

The dynamic state of biotechnology, intellectual property rights, genetic resources and biodiversity policy necessitates a patient and thorough process of dialogue, consultation, and organizational change. From the outset, the PSC has affirmed its support for agriculture, agricultural research and the CGIAR family of Centres. One of the first challenges is to define the fundamental spirit and principles of public and private sector partnership.

Building Trust for CGIAR Private Partnering

Public Private Partnering is a question of orientation, sharing of responsibilities, and building of trust. The renewal process of the CGIAR system provides an opportunity to work towards the development of "warmer" public-private relationships. These relationships, to be effective, must be built upon trust, which in turn requires the creation of a new "perception", "confidence", and "appreciation" of the strengths of both parties.

The creation of public-private sector partnering commences with a process of consultation. The consultation process should include dialogue with the private sector along with other CGIAR stakeholders - national research organizations and other CGIAR constituents, particularly farmers and end users. Within the Canadian experience, through the process of community and industry roundtables, we have learned that broad based consultation with government, labour, NGO's, and the private sector is the best starting point.
In summarizing the "lessons learned" from a Canadian example, e.g. the Greater Halifax Partnership (Chamber of Commerce), good partnership projects enable government to build upon strengths e.g. to set policies, guidelines and standards, while allowing the private sector to maximize skills and resources. The private sector is well equipped to access new sources of capital, reduce operating costs, realize the value of under-utilized assets, share the financial risks, realize economic development opportunities and improve service quality and efficiency.

The CGIAR Plan of Action for Strengthening Global Agricultural Research: The NARS Perspective, (Doc.ICW/96/GR/01), suggests that to enable research and extension to become more sustainable, governments "should explore traditional and innovative funding modalities, such as allowing research institutes to have revolving funds from the sale of produce, to carry out research on a fee basis for the private sector, and the privatisation of appropriate phases of crop or intensive livestock research."

This discussion signifies that productive communication between sectors is taking place within the international agricultural system. Concurrent with an emergent "entrepreneurial" spirit is the realization that NARS and Centres, in consultation with the private sector, can be "empowered" to share responsibility for setting national, regional and international research agendas.

The development of coventure program mechanisms and arrangements between and among the NARS/CGIAR Centres and the private sector is central to the change process. The development of research consortia, the out sourcing of research contracts, and implementation of more streamlined, competitive national and international public tendering bidding, will all serve to reduce duplication of effort and will help to control costs and enhance productivity.

The Paradigm Shift: Bridging Two Solitudes - Private and Public Interests

_The test of a first rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function._

F. Scott Fitzgerald

Historically, both at national and international levels, agricultural research was conducted within "centres of knowledge" which often lacked functional communication linkages with the private sector or the community at large. Consequently two solitudes developed with divergent ideals, perspectives, and expectations for accountability.

As this discussion has shown, the bridging of two solitudes, i.e. the reconciliation of issues between the public and the private sector, will not be easy. However there is clearly a need on the part of stakeholders in agricultural research to seek mutually beneficial territory and identify "win-win" solutions.

In this regard, the CGIAR Centres and their national counterparts could be encouraged and empowered to adopt more "entrepreneurial" practices, private sector coventures, and efficient cost recovery policies and programs. Strategic alliances and partnerships need not be "lean and mean", however relationships should be cost effective, efficient and reduce duplication of effort.

The identification of administrative constraints which prevent the CGIAR Centres and national centres from becoming more entrepreneurial is a useful starting point.
Dialogue with the Centres - Success Stories

In its dialogue with the CGIAR Centres, the PSC members have asked for input from researchers and administrators as to how the private sector can provide assistance and benefit the field of international research.

Centres such as CIMMYT in Mexico have advised that they already promote a strong interaction with the private sector on a range of issues from research collaboration through to seed supply and distribution, and that they see an increasing contribution from the private sector in meeting the needs of farmers and rural communities in developing countries.

CIMMYT has been successful in making plant breeding more effective through DNA marker techniques and genetic transformation of maize and wheat, and transferring useful technology to developing countries through collaboration with biotechnology groups worldwide. Partnership arrangements with the private sector have potential to "add value" to these strength areas and to enhance the possibility of success through applied biotechnology.

Specifically, CIMMYT envisages a collaborative relationship with the PSC in which the private sector provides advice on private sector attitudes to intellectual property rights, assesses the extent to which CGIAR Centres compete with the private sector - and the extent to which efforts are complementary. CIMMYT has suggested that Centres can benefit from private sector collaboration, particularly in areas related to promoting market development and enabling the Centres to enhance efficiency in research and in achieving farm-level impact.

At the International Irrigation Management Institute (IIMI) in Sri Lanka, the turnover or privatization of irrigation systems from the public sector to the private sector is a major focus of the research agenda. In this context, IMMI is moving towards greater collaboration with the private sector water user organizations.

A major project in Sri Lanka, Shared Control of Resources (SCOR), is an example of IMMI's cooperative work with public and donor agencies (Irrigation Management Division of the Ministry of Irrigation, Power and Energy, Forest Department, Tea Research Institute, USAID etc) and efforts to bridge the expertise of private sector companies in food distribution, canneries, and freight. The project has established an environmentally responsible or "green" private cooperative company with farmers as the main shareholders to address marketing. Expertise on trade and commerce is obtained from Colombo Trade Chambers while collection and processing are handled by the farmers.

These examples demonstrate efforts by two Centres to effectively approach and interact with the private sector. According to CIMMYT, these efforts can lead to reduced start up and transaction costs for research and distribution, promote market development, and enable both partners to effectively communicate from the corporate level through to the farmers' fields.

The CGIAR Centres can play a positive role in developing investment frameworks to encourage re-investment in agriculture and provide real opportunities for advancing private sector investment in the research and development agenda.
Next Steps

First consideration for CGIAR private partnering should occur where there are solid prerequisites for economic development. Fundamental to this process is the ability of international and national research centres to participate in risk assessment and entrepreneurial initiatives.

As a starting point, there would be great advantage to undertake a global inventory of its examples of "success stories" in which "lessons learned" can clearly be derived and shared.

The common denominators or prerequisites for successful economic impact could be identified within the broad framework of sustainable economic development. The CGIAR system has the opportunity to take the lead in documenting such case studies, in developing practical tools and guidelines for joint venture initiatives, and in serving as a catalyst at the national level.

In view of the global economy and downward investment trends in agricultural and fisheries research, the CGIAR system has potential to facilitate "stakeholder" dialogue and to encourage national governments to provide tax incentives and credits to small and medium sized enterprise (SMEs) and larger companies which participate in projects which demonstrate environmental leadership and sustainability.

From an advocacy perspective, in terms of national tax reform, negative incentive taxation should be identified and removed. The CGIAR system can play a constructive catalytic role in facilitating an agricultural investment framework and the identification of new capital fund sources e.g. pension funds.

Consideration could be given to convening national level private public task forces or stakeholder roundtables to identify potential and constraints for collaborative research investment. Marginalized sectors such as forestry and fisheries should be singled out for specific treatment and consideration. The CGIAR Centres have a "development moment" or opportunity to take the lead in launching a campaign of consultation and in effect establish effective models for collaboration.

Conclusion

The challenge which lies ahead for international agricultural research requires a fundamental change in the way in which the public and private sectors interact and cooperate. A new strategy and approach is required to build partnerships and trust, and to promote "warmer dialogue". The evolution and future development of global agricultural research requires dynamic, empowered leadership and commitment from all players.

The CGIAR system is well placed to facilitate and forge strategic alliances -- to help build trust and close the gap between the two solitudes. In its first twenty five years, the system demonstrated excellence in research and international leadership. In the next quarter century, the international agricultural system will have sufficient opportunities to demonstrate and implement the principles of partnership as it works towards the resolution of poverty alleviation and food security.