

Senior Expert Contributions to OneCGIAR Program Development **Private Sector Engagement** Netherlands-CGIAR Partnership



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The aim of this two-pager¹ is to provide input for the OneCGIAR investment plan. Notably to identify key research challenges within the OneCGIAR impact areas, how these areas interact with Dutch policy priorities and how the challenges could be addressed / strengthened.

Relevance

One of the foundations of the forthcoming OneCGIAR lays in its ambition to ‘deepen engagement with the private sector’ as a key pathway to achieve greater impact at scale towards the achievement of the SDGs¹. This means that, first, CGIAR-led research & development (R&D) programs – in partnership with national² and international institutions – will work more closely with a diverse range of actors: from multinational companies and philanthropic foundations to national, regional and local-level companies of different sizes. Second, farmers will be considered as private sector constituents and business partners – rather than beneficiaries in need of assistance – in the uptake of innovative technologies and practices. Third, the ‘systematic use of tools such as market research, capacity development, product profiles and stage-gated research management’ will be constitute the core of trainings to support farmers’ business attitudes and practices³. While it is established that the private sector will be central in the transformation of agri-food systems, the current debate revolves on how research bodies and public policies engaging can (or should) change their practices of engagement with the private sector; and how this would translate into more rapid, inclusive and transformative scaling processes towards the achievement of the SDGs. This is crucial when engagement with the private sector is taking place

in a multi-level system which comprises multiple parallel systems serving different producers and consumers with complex patterns of trade-offs and synergies⁴.

Key research & development (R&D) challenges

The importance and complexity of private sector engagement triggers several questions, both on the impact pathways and on the functioning of OneCGIAR R&D programs. Regarding the impact pathways of R&D programs in engagement with the private sector:

- When and how does engagement with the private sector complement (and therefore support) rather than substitute (and therefore challenge) local institutions (assuming that **local institutions** are crucial for R&D programs to reach grassroots communities)?
- Assuming that farmers are business partners but also important actors in their rural communities, how can R&D programs support farmers in **navigating trade-offs between business and social pressures** (which traditionally put especially women and youth at a disadvantage)?
- Assuming that the **informal** sector plays and will still play a key role in food security, how can partnership with local, national and international companies be combined with the sustenance – or

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at least with avoiding disruptions that might lead to unintended social consequences – of the informal sector?

- Assuming that **private extension** is more efficient in delivering market knowledge and information services to farmers than public extension, particularly in situations where public extension is underfunded or ineffective, when and how can R&D programs facilitate the effective meeting of supply and demand for extension services?
- Assuming that **infrastructure development** is critical for farming as a business to sustain its market access, how can R&D programs coordinate the development of farming as business hand in hand with the development of key infrastructures such as IT, energy, warehousing, and credit?
- Assuming that the private sector plays a key role on knowledge partnerships for sustainable development but that the public sector and civil society are needed to broker these partnerships because of the trust of farmers and other actors^{5,6}, how can R&D programmes broker the role of the private sector in multi-stakeholder partnerships?
- Assuming that women and youth are critical actors for the achievement of the SDGs, when and how can local, national and multinational enterprises support and be supported by **civil society organisations that represent women and youth** (e.g., women's unions or community-based enterprises) in rural areas?
- What role can the R&D program play in de-risking the involvement of the private sector in the development of new business models and new sources of finance for the agri-food system and climate adaptation?
- Assuming that **discourses** are playing a key role in agri-food sector governance⁷, how can current discourses surrounding engagement with the private sector be analysed and new discourses created that facilitate and leverage the contribution of the private sector to the SDGs and global public goods⁸.

On the functioning of OneCGIAR R&D programs with private sector:

- How can OneCGIAR and their partners assess the impact of different forms of private sector engagement to continually learn and improve from their R&D programs?
- How can OneCGIAR knowledge on private sector engagement be shared and co-created effectively across several R&D program experiences? In particular:
 - Since debate about the role of the private sector in rural development can be strongly political, how can effective knowledge management be critical, but also diplomatic? Transparent, but also sensitive?
 - How can knowledge management be organized across OneCGIAR and its partners during processes of scaling of sustainable solutions? Which knowledge sharing and data-mining technologies can be used?

- How can open access and intellectual property rights over the knowledge produced and shared in R&D programs be combined?

Recommended approach for future R&D programs with private sector

As recent experience shows (see E1-E7 in Annex 1), the complexity of coordinating with the private sector requires OneCGIAR and its partners to undertake approaches to their R&D programs that:

- Aim at developing innovation ecosystems rather than value chains. Projects stimulating demand for agricultural commodities or supply of agricultural inputs, or seeking to meet supply and demand, might fail to scale sustainable solutions unless the ecosystems surrounding agri-food value chains does not change too. Thus, R&D programs seeking stimulate farming as business and fostering value chain development need to co-evolve with innovative IT (E1), energy, health (E2), waste, warehouse, transport and knowledge systems (E3). Orchestrating this co-evolution requires an ability and orientation towards partnering with less-traditional and modular partners⁹.
- Focus on entrepreneurial learning rather than on business training. Stimulating farming as business does not imply that farmers necessarily need business training or be exposed to higher market risks (E4). Often, instead, they need to learn – from each other and from other stakeholders – how to navigate the often competing business and social pressures (E2). Hence, R&D programs should foster inter-farmer forms of learning, support knowledge sharing between farmers and (especially SMEs) familiar with the social context (E5) and carefully consider how farmers as business actors can thrive in embeddedness with their communities (E6).
- Govern rural incubators or living labs rather than partnerships. Partnerships supporting R&D programs with private sector engagement need to systematically encourage experimentation and design appropriate knowledge management systems to learn from these experiments (E7). Rural incubators¹¹ are organisational forms that inherently conceive experimentation at scale: they provide space for the private sector to pilot or scale new business ideas and build strategic networks with relatively small investments (E3); for brokers to facilitate processes of learning-by-doing for farmers and companies; and for NGOs and public extension to reduce inequalities for those stakeholders (such as women and youth, especially in market-distant communities¹⁰) that face resource and social constraints in their learning processes.

Linking to Dutch policy and CGIAR priorities

The Dutch ecosystem in agri-food R&D programs, supported by its foreign policy investments, has notable competences that OneCGIAR should leverage in organizing knowledge management systems that support its strategy and vision. The experience of the Netherlands Food Partnership (NFP, ex-Food & Business Knowledge Platform), if expanded in its outreach and depth as a Community of Practice, could represent a model for learning and experimenting with the private sector at scale. Such an expanded-NFP model might have advantages over an informal-interaction model across CGIAR units or a one-stop shop model. The former might not be sufficiently embedded in the institutional context and lead to relatively slow learning and scaling; the latter might lead to an excessive centralization of knowledge, with challenges in learning from the local and national contexts of R&D programs and/or to provide timely knowledge.

Annex 1: Examples of R&D approaches with private sector

Example 1 (E1): Innovation broker working with the private sector

Taking advantage of its location in Hyderabad, one of India's tech capitals, the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) has developed a Digital Agriculture program which plays the role of innovation broker, linking farmers with public-private partnerships (PPPs) and tech start-ups. Launched in February 2017, Digital Agriculture's ihub strengthens connections between researchers and the private sector by encouraging tech start-ups to reconceive their products for the agriculture sector, leading to the development of digital tools like the app Plantix 'Your crop doctor' and Kalgudi which connects farmers, traders, input dealers, logistics providers, academia, institutional buyers, government departments and consumers.

Source: [ICRISAT: innovation broker working with the private sector](#)

Example 2 (E2): Dairy pass-on and milk bulking group programs

Widely in use in Eastern and Southern Africa, dairy cows pass-on R&D programs (supported also by the CGIAR, as in the [Partnership 4 Scaling](#) and [CREMPA](#) in Central Malawi) have shown potential for expanding safer, higher-quality and climate-smarter production and distribution¹². While the model effectively links dairy farmers with local milk companies (such as Lilongwe Dairy), different dairy communities face remarkable constraints in their scaling. Some, predominantly Ngoni, face lack of timely support by veterinarians (affecting cow's health) and sudden energy power cuts (affecting milk safety): this shows the importance

for the dairy value chain to co-evolve with veterinary service and energy ecosystems. In other communities, predominantly Chewa, face notable problems in combining their business and social endeavours, as their market requirements clash with pressures from their neighbours. This demonstrates that, in many circumstances, farmers' business training would be much less relevant than sharing experiences with other farmers on how to effectively navigate in between social and business pressures¹³.

Source: [CCAFS/Food & Business Knowledge Platform](#)

Example 3 (E3): Ag Commodity Exchange fostering an innovation ecosystem

While many agricultural commodity exchanges in Sub-Saharan Africa act as public or para-statal organisations, an exception is represented by the [Agricultural Commodity Exchange \(ACE\) for Africa](#), which is privately owned – although funded to a large extent with public R&D funding. Over the past 10 years, the ACE developed a unique ecosystem embedding not only legume and maize value chain actors, but also private and (more recently public) financial institutions to provide an appropriate warehouse receipt system to cash-constrained farmers¹⁴. Moreover, a system of certified warehouse system has developed accordingly in engagement with input suppliers and commodity traders to secure appropriate commodity storage space¹⁴. This legume and maize value chain development **together with** finance and warehouse ecosystem development shows how the importance of coordinating innovation ecosystems much beyond the agri-food value chain. Nevertheless, ACE's model still struggles to scale because of bottlenecks in its knowledge ecosystem development, that is, on how to reach out to distant farmers and create diffused entrepreneurial competencies at scale⁹.

Source: [Agricultural Commodity Exchange for Africa: 10 Years Retrospective](#)

Example 4 (E4): Agriculture to Nutrition (ATONU) project

Funded by the Bill & Melinda Gates Foundation, the ATONU project seeks to help the African continent broaden its agricultural focus from 'eating for hunger' to 'eating for health'. Working closely with the African Chicken Genetic Gains (ACGG) project – led by the International Livestock Research Institute (ILRI) – and the Ethiopian Institute of Agricultural Research, the ATONU project operates in 20 villages in Ethiopia (in the regions of Amhara; Oromia; Southern Nations, Nationalities, and Peoples; and Tigray) and 20 villages in Tanzania (in the central, southern highlands and eastern zones). This ILRI-Gates Project demonstrates the importance of 'de-risking' the role of the private sector on a large scale and subsidizing initial involvement. One of things that it has been doing is subsidizing the use of indigenous

breeds of chicken, taking the risk of new markets and making the product competitive.

Source: [Agriculture to nutrition Ethiopia project](#)

Example 5 (E5): **Creating space for farmer entrepreneurship in seed business**

The model of collaboration between the local SME Zimbabwe Super Seeds (ZSS) and 9,000 farmers in 7 districts of central Zimbabwe in semi-arid rural areas represents an interesting example of how farmers' learning at scale differs and complements business training. In ZSS, farmers engage with ZSS not only as their seed buyers, but also as their seed multiplication partners¹². The seed multiplication business in semi-arid areas afflicted often by climate adversities does not require traditional forms of business knowledge (that is, financial planning, risk management, marketing, etc.) as much as an ability for farmers to adapt rapidly – and sometimes even to improvise – to unexpected situations of adversity (floods, excessive humidity, interrupted transports or warehouse devastations). Accordingly, since 2013, ZSS and their partners developed spaces for farmer networking and experimentation to complement¹⁵, and partially substitute, traditional business training.

Source: [VUNA, Adam Smith International and Partnership 4 Scaling](#)

Example 6 (E6): **Farmers business schools**

Farmer Business Schools were developed by the International Potato Center in the Philippines since 2011 and then tested at scale in South Asia/South-East Asia between 2015–2020. Through training and networking activities, these schools supported for their large majority the wives of farmers and fishers, encouraging them to collectively understand, explore and seize market opportunities especially in terms of processing, branding and distributing the raw food procured by their husbands. Through these activities, women groups were either formed as novel business teams around a specific market opportunity or already socially formed. Either way, the training balanced the development of business skills (i.e., planning, negotiating, branding, etc.) with the informal facilitation among women on local practices for managing intra-household family business relationships with their husbands and children. Recently collected data (still unpublished¹⁶) suggest that this informal facilitation on family dynamics was crucial for many women's groups to sustain and succeed in their business. This example illustrates the difference between providing business skills and stimulating entrepreneurial competencies: not just being able to run a business per se, but 'making it work' in embeddedness with a flourishing family and community life.

Source: [International Potato Center Farmer Business Schools](#)

Example 7 (E7): **Partnerships & intellectual property rights with private sector**

The International Rice Research Institute (IRRI) has substantial experience with private sector engagement. Founded some 5 years ago, IRRI Tech Transfer advances the institute's vision through public-private partnerships with companies and organisations that align with IRRI's objectives. IRRI has three main modalities for public private partnerships: membership in public-private R&D consortia such as the Hybrid Rice Development Consortium, bilateral sponsored research with the private sector, and private sector licensing partnerships. At the basis of these partnerships is intellectual property (IP) management. With IP management, IRRI can decide the terms and conditions that would apply for different dissemination pathways. IRRI is working with large, medium-sized and small companies, to reduce the time-to-market for the diffusion of smart technologies. It allows medium-sized companies to compete with multinationals and deliver science-based products to rice farmers because farmers benefit from a larger diversity of providers.

Source: [IRRI: developing CGIAR partnerships with the private sector for impact acceleration](#)

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