PRIVATE SECTOR BACKGROUND PAPER
Discussion paper on the involvement of the Private Sector in GFAR

Introduction

The largest sector in most developing countries is agriculture; and developing countries that have prospered the most have mainly used agriculture, including value added through agro-processing and other agro-industries, as the engine of growth. Much of such success stories have also been largely dependant on the private sector investments; hence the need to more strongly foster public private sector collaboration in ARD, and to ensure that national policy and regulatory frameworks are conducive to private sector development. Furthermore with current market liberalisation, decentralisation, the advent of participatory demand-led knowledge based research and extension systems replacing the old top-down technology generation and dissemination approach, and recognition of the critical importance of marketing, processing and trade to the agricultural sector, the private sector has an even more important role to play. However, it has often proved difficult to harness the private sector, in collaboration with the shrinking public sector, as it is composed of many thousands of small and large businesses. Moreover there is a whole range of private sector partners of key importance to farmers. On the supply side there are for example: seed, fertiliser, pesticide, biologicals, transport, equipment and packaging suppliers; and on the demand side: agro-industries, processors, wholesalers, supermarkets and traders as buyers; and service suppliers from rural finance and banking institutions, NGOs, private advisory services and private research centres. Several excellent examples of good public private sector research partnerships also exist, some fostered by GFAR; but we need to review how this can be better advanced over the next three years, in GFAR’s 2004-2006 Business Plan and both why and how GFAR should attract stronger involvement from the private sector.

GFAR and the Private Sector

GFAR represents the NARS of the developing countries, and has been working to strengthen their Sub-regional and Regional Fora. It has also assisted them with developing their priority setting; and launched as a facilitator a number of Global Partnership Programmes, some of which have involved the Private Sector, (PS). These programmes not only involve research but follow through into development, that is bound to engage the PS even more fully, and so be more attractive to PS participation. During the last GFAR Conference, all the GFAR stakeholders met during specific stakeholder consultations, with particular expected outcomes of these various meetings. All GFAR stakeholders met, but the Private Sector. Due to retirement and evolving position there is no longer representatives (seat and alternate) of the Private Sector group within the GFAR Steering Committee.

GFAR’s Assets of potential interest to the Private Sector

GFAR, as primarily a facilitator at the international level, brings a number of assets that should be of key interest to the private sector:

- as the representative internationally of the NARS, and their SRF/RF, it has unrivalled access to all their research institutions, knowledge of their rural farming communities, and their countries;
- through its fostering of farmers organisations and NGOs, it brings together the key clients of the commercial private sector, facilitating ease of dialogue between them;
- through assisting the SRF and RF in priority setting, it has brought to the forefront the most important research problems that need addressing. Alleviating such research bottlenecks through the subsequent activities of all its stakeholders – Farmers organisations, NGOs, IARCs, ARIs, donors, the private sector and the NARS themselves, will help strengthen economies and alleviate poverty, thereby opening new opportunities in a wider, hopefully more equitable, world market for all partners in this R&D endeavour. This should be of special interest to the Private Sector;
through its EGFAR website, and the development of Regional Agricultural Information Systems, RAIS, of each RF and SRF, it is helping in the access to knowledge, and its transfer between NARS and regions, to support the new knowledge-based approach to development, and harness the new advances in information technology and communication, ICT, (more assistance from private sector ICT companies would be welcome here, and should be to their advantage);

in its honest broker and advocacy role, it can help with responsible stewardship of new technologies being introduced to LDCs, and provide a neutral forum to debate contentious issues related to GMOs and IPRs;

as a facilitator through its Global Partnership Programmes, GPPs, GFAR not only brings researchers together in research programmes, but the partnerships carry through into implementing development. These GPPs bring together in various combinations the private sector with all the other stakeholders in GFAR, and some examples are mentioned in Appendix 2;

whereas the CGIAR centres have very specific mandates largely confining their work to foodcrops, GFAR has also focussed attention, (at NARS requests, with the RF/SRF and several ARIs in the developed world), on the many commodities that lie outside the CGIAR mandate. These are mostly cash crops, again of particular interest to the private sector, which also increasingly is doing most of the research on them; and,

located at the international level, and with its RF/SRF, GFAR is well placed to assist in transfer of innovative technologies, and indeed methodologies and approaches between regions as well as countries; and through its triennial conference, brings together all the stakeholder representatives to review progress, debate the issues, and develop a programme for the following three years. The First GFAR Conference at Dresden in 2000, has now being followed by the Second GFAR Conference in Dakar in 2003.

the PS is facing growing difficulties in developing and starting new business in LDC. GFAR offers a neutral platform for discussion where such constraints can be discussed and addressed in an integrated manner. All stakeholder present in the GFAR 2003 Conference have requested GFAR to play a stronger role in Policy & Advocacy, in this way GFAR can provide a valuable tool for the Private sector to make sure that their voice can be better heard.

Here above are a number of reasons, showing why the private sector should be interested in playing a stronger role in GFAR, and its RF/SRF. Furthermore as already stated stronger SRF/RF and a stronger GFAR will only be possible with strengthening the basic institutional building blocks, the National Agricultural Research Systems, NARS. However, successful agricultural development in most countries has been spearheaded by the private sector, and a stronger indigenous private sector is vital to development, especially with the liberalising of most developing countries’ economies, and increasing globalisation. So the international private sector has much to offer in helping strengthening the indigenous private sector both as partners in their NARS, and more importantly in the interests of more effective and quicker development.

Key Areas of ongoing Private Sector Collaboration with GFAR

*Post Harvest and SMEs*

Input supply, marketing, wholesaling/retailing and credit, are all vital to successful farm enterprise and SME development, which is why many promising innovative technologies have not even been adopted by those farmers to whom they are relevant. These activities are all critical for farmers, and almost totally now dominated by the private sector. In this context it is interesting to note that farmer organisations in East Africa using the, Integrated Production and Pest Management (IPPM), approach to participatory learning and knowledge development through Farmer Field Schools (FFS) of their own initiative renamed their programme IPPM and M, with the M standing for Marketing as that is their key constraint, and the marketing issues are always a major topic of discussion in their FFS meetings. The Private Sector will have a key interest in their customers (input supply, credit) or
suppliers, (processors, supermarkets), and particularly relate to research support for SMEs, as well as farm production enterprises themselves, and such research may be more socio-economic or policy oriented than technical. So here there seems to be a golden opportunity to bring both parties together at both local and national level, that can then be elevated to SRF level.

More attention needs to be given to Post Harvest and SMEs, because of their importance in adding value and alleviating poverty, while strengthening rural economies. This emerged as a key priority in the Regional Priority Setting exercise across every region, hence requiring global attention. This has led to the setting up of a GFAR programme on Rural Innovation for the Support and Development of SMEs. This requires an integrated view of the different factors that take part in this process, and is based on an increase in productivity and competitiveness of a given product, as a consequence in either production or marketing technologies or know-how. Under this programme umbrella, a new initiative is under way: “A New Global Initiative for the 21st Century: Linking Farmers to the Market”. This has come from a joint effort undertaken by the Agricultural Support Systems Division of FAO (AGST/FAO), the PhAction Group (a consortium of international research Centres, among which are present a number of CGIAR canters and FAO) and GFAR. The initiative seeks to improve the livelihoods of producers and consumers by enhancing agri-food systems for a range of local, national, regional and international markets, through sustainable and equitable post-harvest interventions. It also provides an innovative platform for a supply chain approach to post harvest development. An important focus to this approach is assistance with business development, particularly to poor entrepreneurs, and private/public partnerships. However, supply chains can only function if all linkages are effective and this initiative allows for wide ranging interventions that that can meet the needs of diverse situations in contrasting regions around the globe. This Framework was endorsed by a diversity of stakeholders from both the supply and the beneficiary side, representing all regions of the world, at an International Workshop convened at FAO Headquarters in Rome, during the period 7-9 October 2003.

Commodity Chains

A “commodity chain” perspective has been defined as implying “that for a given crop, the approach is not restricted to the conventional agricultural components related to increases in productivity, considered as a whole in all aspects of the chain in a vertically integrated way going from production to marketing and processing right through to the retailer, and consumption and use by the consumer.” Under the IPGRI/CIRAD/GFAR Support Unit in Montpellier, GPPS on two commodity chains for both Cacao and Coconut have been initiated. The case of Coconuts involves basically SMEs because of the scale of the production sector for that commodity; but in the case of Cacao, there is very active involvement of the apex international private sector institution, the IOCCC, along with its two main regional associations, which are CMA in the USA, and CABISCO in Europe. These initiatives provide interesting models for public/private sector partnership in research and technology development. GFAR is playing a key role here, and needs more good examples of such partnerships involving the public and private sectors working together, globally in GPPs. Have PS participants other examples of this type, or proposals to initiate such partnerships?

Discussions are now also ongoing with the CAC, AARINENA and APAARI Regions on setting up a commodity chain network on cotton. The commodity chain approach brings in the whole gamut of private sector involvement in input supplies, marketing, processing, trade, wholesaling and retailing right through to consumer concerns involving Civil Society; and also involves not only research, but policy analysis and development. It is thus an example, in which the private sector has a key role to play.

Biotechnology and IPRs

It needs to be said at the outset that he CGIAR has more comparative advantage to deal with this with the Private Sector, (PS), as has its IARCs directly involved. However, GFAR has a key advocacy role to play here, especially on behalf of NARS, their Sub-Regional Fora, SRF and Regional Fora, RF. GFAR can also provide a neutral platform to bring the public and private sectors together on these often divisive issues. It has already contributed to the debate, particularly in connection with rice:
funding a seminar with IRRI/CORRA, and holding a working session at Dresden 2000 on ‘Public/Private Research Partnerships in Biotechnology and Genomics’, (that involved both IRRI and Monsanto, and GFAR is also a council member of the new Global Conservation Trust that has just been set up to safeguard gene banks. Another interesting initiative GFAR is supporting involving the private sector, (Monsanto, Dow, Syngenta and others), is the AgroBio Project in Latin America and the Caribbean, LAC. This project aims at integrating a prospective analysis of agricultural biotechnology in developing countries with the related issues of biosafety, and of the policy and legal environment that is emerging, (including IPR issues). However, what should be the role of GFAR in this sphere, in its next Business Plan, 2003-2006, and in the longer term?

**Priority Issues for the involvement of the Private Sector in GFAR**

It would thus seem appropriate to consider a two step process strategy for enhancing the involvement of the PS in GFAR:

**a.** it could be useful at first, to proceed with the identification in close collaboration with the RF/SRF, of a “Focal Point” (e.g. networks) that could facilitate the linkage between GFAR and the PS at regional level;

**b.** in a second more advanced stage it could be foreseen to organise workshops, always in close collaboration with the RF/SRF, bringing private sector agribusiness people together with farmers organisations to review research needs in support of input supply, marketing and credit; and how they could play stronger roles in NARS, SRFs and RFs as well as GFAR. These workshops could be a key part of SRF programmes supported by GFAR over the next three years, if the PS participants endorse the concept. GFAR definitely needs to facilitate more private sector participation within NARS, SRF and RF, particularly by involving trade associations, or PS groupings, rather than just individual companies. So such workshops could help to broaden and deepen this debate to the mutual benefit of all stakeholders that participate, with emphasis in this case of bringing the commercial private sector and farmers organisations together. More specifically through these regional consultations GFAR would invite the Private Sector stakeholders to deliberate their future contribution to the GFAR initiative, and would seek some specific feedback on the following:

- Emerging issues of relevance to ARD, which should be given priority in the GFAR Business Plan;
- Specific response to issues in relation to input supply, marketing, processing, trade and credit provision to which farmers are now almost wholly dependant on Private Sector suppliers, buyers or service providers;
- Specific comparative advantage of the private sector in its collaboration with, and contribution to GFAR;
- Proposal on how to improve private sector representation at SRF, RF and GFAR level, which surely must stem from stronger PS involvement in NARS themselves, and how best this might be fostered;
- Any other issue of relevance to GFAR.

Naturally these are initial suggestions of issues that could be discussed. Conclusions should be so presented that they can firstly become components of a framework for the GFAR Business Plan over the next three years, and secondly be part of a wider vision over the longer term.