

# Policy Brief No. 4: The private sector in international development

## Research with the private sector: reflections and policy recommendations

This policy brief is produced by the [Netherlands\(NL\)-CGIAR Research Programme](#) Project [Improving the effectiveness of public-private partnerships within the CGIAR: knowledge sharing for learning and impact](#) and [Solidaridad](#).

In the field of international development it is increasingly common to seek close collaboration with the private sector. This trend is clearly visible in the Sustainable Development Goals (SDGs); an important policy framework that envisions close collaboration with the private sector as well. Similarly, at the national level, Dutch development policy envisages a larger role for the private sector and knowledge institutions, puts increased emphasis on public-private partnerships, and provides the Dutch business community with opportunities to develop new business models.

Although there is very little evidence on how research with the private sector works, many 'research calls for proposals' are now demanding a private sector partner as well. In this regard, NWO-WOTRO Science for Global Development is a real pioneer with its Global Challenges Programme (GCP) and Applied Research Fund (ARF). Recent syntheses of and publications about the GCP and ARF, have highlighted some of the advantages and challenges of working with the private sector in research. Challenges include not only differences in mindsets between public and private sector actors but also some administrative obstacles.

### Research with the private sector

NWO and NWO-WOTRO are increasingly focusing on involving the private sector in research partnerships, based on the assumption that **private sector partners can bring resources and alternative sources of evidence and types of knowledge to the table**. For the focus areas of the various research calls, priorities of the Dutch government on global food security formed the main impetus: eradicate existing hunger and malnutrition; promote inclusive and sustainable growth in the agricultural sector; and create ecologically sustainable food systems. Enabling a better business climate was incorporated as a cross-cutting focus.

### **Lessons from the Applied Research Fund (ARF)**

For NWO-WOTRO, the challenge is to ensure that involving the private sector does not affect the ability to involve and benefit the poor and marginalized. NWO-WOTRO has embraced the concept of **inclusive business as a viable business model** which benefits low income populations (see Textbox 2).

A recent study of the ARF projects by Frejus Thoto and colleagues indicates that **for-profit actors can be an essential partner in generating and upscaling agricultural innovations**.

However, the role of the private sector should not be overestimated or considered as a panacea for knowledge production that aims to benefit food and nutrition security for resource-poor groups.

The performance of the private sector in knowledge processes and partnerships for food and nutrition security largely depends on the context of the collaboration and actions of other actors such as the government, researchers and non-profit organizations. In the countries of the Global South which are characterized by low capacity for public agricultural research, **private sector actors should be encouraged to participate more actively in knowledge creation processes**, especially where they can critically contribute and add value to developing innovations.

### **Textbox 1: NWO funding instruments**

The Food & Business Research programme aims to address persistent food security challenges in low- and middle-income countries. It focuses on the urgent and growing need for adequate knowledge and solutions for regional and local problems related to food security. Food & Business Research consists of two funding instruments: the Food & Business Global Challenges Programme (GCP) and the Food & Business Applied Research Fund (ARF). Both are part of the Food & Business Knowledge Agenda of the Netherlands Ministry of Foreign Affairs.

The objective of **ARF** is to promote research-supported innovations that contribute to food security and private sector development in the partner countries of Dutch development cooperation. The 45 ARF-funded research projects worked on the development of specific innovations or technologies, such as rodenticide for rice post-harvest losses, sesame and plantain seeds, and the design of a weather station. Of these projects, about **15 mobilized actors from for-profit agricultural enterprises** involved in many different types of businesses, including food consumption/fortification products, pest management products, and weather and ICT-based extension products.

The objective of **GCP** is to promote research-based understanding of key issues in global and regional food security, their impact on local food security, and the role of private sector development. The projects are all run by a consortium of academic, private sector and NGO partners to promote research uptake by relevant local, national and international stakeholders.

**Transdisciplinary research championed by practitioners and private sector (not researchers) is a game-changer in how action research is conducted in the food and nutrition security sector.**

~ Frejus Thoto, *Actions pour l'Environnement et le Développement Durable (ACED)*, Benin

### **Textbox 2: Inclusive business**

Inclusive business approaches aim at addressing societal problems – including poverty and food and nutrition insecurity – and at promoting sustainable livelihoods. Specific approaches differ widely in terms of target groups (e.g. large companies, small-scale producers and grassroots organisations), instruments (e.g. policy, advocacy) and business processes. For example, 'inclusion' can relate to employment creation and better market connections for small-scale producers, or to creating access to services and products at an affordable price. Business 'viability' refers to the ability to successfully generate an income from the business.

In the academic literature, inclusive business remains a contested concept because of tensions regarding its ability to deliver benefits to the poorest and most marginalized.

### **Lessons from the Global Challenges Programme (GCP)**

An informal session with GCP project members identified some of the challenges of working with private sector partners in research partnerships which are often not documented. Issues raised include:

- **Personal contacts** are often the driver of cooperation with the private sector. When these break down, such cooperation is very fragile.
- As funding is contingent on including a private sector partner, a **rapid search for a potential partner** to meet these conditions often precedes proposal submission. This is not conducive to successful cooperation.
- **Tensions in timelines and planning may occur** as research projects have to obey given timelines prescribed by funding while business actors have their own approach in planning operations and activities. Yet, a business approach to conducting research can also be helpful.
- In these research partnerships, private sector partners are **not expected to sign a contract**. They have no contractual responsibility towards project delivery.
- When working with the private sector, **market potential can steer the geographical focus of the project**.
- There is a **tension between the need to provide public knowledge and safeguarding trade secrets** which the partnership members need to navigate.

### **Textbox 3: The need for action learning**

The formation of a research partnership is an ongoing process. Embracing a **process approach to research partnerships**, especially when the private sector is involved, is important because it makes explicit that the partnership itself needs attention, apart from focusing on goals and outputs. A partnership is not something which exists from the start, it is built over time through communication and shared understanding. One of the lessons above refers to the tension between the private sector seeking clear results versus the iterative process of research with lack of clear knowledge beforehand. This tension lays bare that **there is a need to jointly commit to action learning** when working in research partnerships. Action learning is focused around defining a shared problem (research question), asking critical questions, taking part in active listening, learning and exchange, action and reflection. Such model allows for the much needed ongoing exchange between private sector reality (market dynamics, business model development, investment needs) and academic realities (publications, methodological consideration, safeguarding independence and objectivity as researcher). Furthermore, it can help facilitate sensemaking of the actual research endeavour.

While the focus of the partnership is to conduct (and benefit) from research, it turns out that **the partnership itself also needs focus to deliver desired results**. This realization will already contribute to the first step of **creating the productive space** for meaningful interaction. The second step is **commitment to a learning process** - both in research as in the partnership - which requires some form of professional facilitation to structure and plan for engagement. Changes in the partnership, in the research design, or in the project context (economic shocks, societal events) require revisiting expectations and feasibility of desired outcome. Additionally, ethical issues or new opportunities may arise throughout the lifetime of a project and based on an agreed code of conduct or moderated discussions such topics can be addressed openly. Lastly, if there is an **active awareness and a commitment to learn from the actual partnership process**, this can contribute to an open mindset where people feel safe to address their questions and concerns - to which the partners and/or the project can then actively respond.

- **At times NGOs behave like private sector actors:** they can be concerned about failure and damage to their reputation if the project does not proceed as planned.
- The fact that research is a process with **little knowledge of results beforehand** creates barriers for the private sector which looks for specific, concrete results.
- Different sectors and different geographical locations have a different business cultures: **There is no universal business culture**.
- Given the time pressure of developing proposals, there is **no due diligence procedure** undertaken by researchers.
- There has been **little research on the risks of working with the private sector** while there has been a strong policy push for this.

### **A process approach to research partnerships**

Reflecting on the lessons presented above, it is clear that a diversity of challenges arise in different phases of the research partnership. Critical partnership process steps:

1. **Partnership selection and formation of consortium**, often informed or guided by funding requirements.
2. **Research design and proposal development**, including expectation-management, agreeing on goals, and defining partner roles, commitments, contributions.
3. **Planning and implementation**, conducting (field)research, R&D activities, setting up pilots, whilst remaining adaptive/flexible to deal with changing circumstances or shocks.
4. **Data management, documentation and knowledge sharing**, relevant from the start of the research design but once research findings become clear access to data and communication can be viewed differently depending on (new/changed) motives and interests.
5. **Business case development, dissemination of knowledge products and scaling**, facilitation of research uptake for a diverse range of target groups, including private sector, public sector and academia. NOTE: different agendas in terms of planning or priorities of these groups may result in more work and is easily underestimated.
6. **Evaluation and learning**, reflecting on the research project and partnership process to generate lessons for partners themselves and external audiences (possibly coordinated by the fund owner/donor).

#### Textbox 4: About this policy brief

This policy brief is based on a cooperation between the NL-CGIAR Research Programme's Project 'Improving the effectiveness of public-private partnerships' and Solidaridad.

The NL-CGIAR project 'Improving the effectiveness of public-private partnerships' aims to facilitate practice and learning across the CGIAR system. It aims to provide system-wide intellectual support to CGIAR Research Programs (CRPs) and Platforms on Public-Private Partnerships (PPPs) to strengthen their delivery and impact at scale, exploring and sharing models for increasing the role of the private sector in research impact pathways.

For the past 50 years, **Solidaridad** has played a critical role as matchmaker between producers of agricultural products, traders, industry & finance, importers & retailers, and their consumers. Increasingly, private companies seek alliances with Solidaridad in order to create value-added concepts along the lines of Fairtrade and CSR.

As a development agent, Solidaridad is not a market player; yet, its interventions do take place within that same market, with the aim to create an enabling business environment for sustainable production. With a smart mix of interventions (including capacity building, partnerships, incentive mechanisms and corrective measures) Solidaridad aims to address power asymmetries in trade relations by empowering producers and contribute to fair value distribution to improve the livelihoods of the poor.

#### Recommendations for research with the private sector

- Standard **templates for contracts for involving private sector actors** in research partnerships should be developed.
- Cooperation in research partnerships should involve a **redress procedure** between partners for when partners do not undertake what has been agreed.
- **Guidelines should be developed** on how to define roles and expectations, leading to partnerships. These guidelines should also involve clarity about public good knowledge products.
- Develop ways to **include private sector in projects and interventions for shorter time periods**.
- There should be recognition that a **partnership needs to develop over time** and this process needs to happen after the proposal has received funding. In this way, planned partnerships should have the chance to develop in an exploratory process after the funding has been awarded with **part of the funding awarded for this process**.
- There needs to be the opportunity for a **due diligence process** during the proposal development phase. This should not be the responsibility of researchers alone, as they are the underdogs in this process.
- There is a **need for research into the risks for researchers working with the private sector**, taking into account experiential knowledge of researchers and not only formal, documented knowledge in publications and reports.

#### Sources

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